

# the taxpayer

Fall 2010

## Atlantic Canada: CTF Storms Ashore P14



**Taxpayer.com**



# From the President



## Growing taxpayer advocacy at home and abroad

Troy Lanigan  
tlanigan@taxpayer.com

The CTF's last expansion took place in 2002 when we created a full-time presence in Toronto. Since then, we've sought to strengthen our standing in provinces from Ontario west. But the vision of a national organization was never lost.

Our current federal spokesperson Kevin Gaudet and his predecessor John Williamson came from Nova Scotia and New Brunswick respectively. Each contributed to following developments and encouraging our involvement on taxpayer-related issues in the Atlantic region as resources permitted.

A year ago Kevin Gaudet and I travelled to the region and met with media, stakeholders, lawmakers and CTF donors. The momentum we sensed on that trip only grew after we got back home. A huge expense scandal that broke in Nova Scotia coupled with rumours of a two-point increase in the HST garnered considerable demand for the CTF's brand of advocacy.

Importantly, we had already identified an outstanding leader in Kevin Lacey who was willing to serve as our regional director. We

created and met objectives of a business plan that culminated in a September 14th press conference (see page 14).

Donations in support of the Atlantic initiative came from every part of Canada. To all of you who helped get this expansion kick-started ... thank-you! We are excited about this new chapter and look forward to a final chapter where this space one day reports a full-time presence in the province of Quebec.

—H—

In September I attended the World Taxpayers Conference in London, UK. World Taxpayers Associations (WTA) comprises 65 associations from 52 countries on six continents. WTA was founded in 1988 and the CTF has been a member since 1991.

The body exists to exchange best practices amongst members and support the development of new taxpayer rights groups throughout the world. Its mission statement is "working together for lower taxes, less waste, accountable government and taxpayers rights all over the world." Sound vaguely familiar?

I am pleased to have been elected to its eight member board of directors for a two-year term along with representatives from the US, Germany, South Korea, Australia and France.

WTA holds a gathering every two years. In 1998 your CTF played host to the world; but we weren't able to drum up such an impressive reception guest as our hosts at the British TaxPayers' Alliance managed. Hard pressed to find this writer beaming beside any politician, past or present, but in this instance I'm sure you'll appreciate the exception. ♦



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## Fall 2010

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# Fall 2010



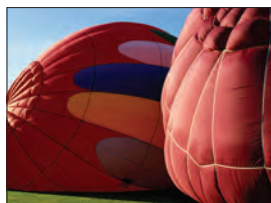
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### What is so Secret About Reserve Politician Pay?

Secretive brown envelopes and Access Information Requests helped the CTF expose salaries of reserve politicians.

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## Atlantic Canada

We desperately need the CTF in Atlantic Canada. I have been a self-employed tax consultant here in Truro for 20 years – and I know more than most, about how our hard-earned money fills the pockets of politicians and government at all levels. The result is an underground economy that is growing at an alarming rate!

*Diana Read-Miedema  
Truro, Nova Scotia*

You guys are the best thing happening in Canada today. I phoned in a small donation for your campaign to start an office in Atlantic Canada. Good luck in your ongoing efforts.

*Sharon MacLise  
Edmonton, Alberta*

I think an Atlantic bureau of the CTF is an important step in accountability in all three levels of government. It's time to hold all elected and appointed officials to a higher standard.

*Wayne Fiander  
Belnan, Nova Scotia*

## Quebec arena

Normally you guys make a lot of sense, but in this case you're barking up the wrong tree. What about all the other arts and culture funding? I see hockey as being part of our culture just as much as art and music. If we give funding to some, then why not others?

*Derek Arsenault  
Orleans, Ontario*

Our country under Stephen Harper is far better off than with the Liberals that the CTF touts. Spending is wasteful when it lines peoples' pockets and does not produce a single job. But investment in a building that will put people to work for years to come? If the Harper government is planning on

spending money to put people to work, I am for it. All of it adds up to more tax revenue and economic trickle that is greatly needed. So I say, bring our game to more cities Mr. Harper. Sorry CTF, you lost me on this one!

*Daphne Polancic  
Langley, BC*

*ED: Daphne, we regret this "trickle" logic is shared by all political parties at the federal level. Of course if it actually worked, all Canadians would have three jobs by now and Regina would have a successful NHL franchise to go with its domed football stadium. In truth, projects such as these contribute to political revenue, but not tax revenue. That's why we're broke. The federal government is currently borrowing \$152 million a day. That our politicians are contemplating borrowing even more to fund arenas for millionaire owners and players is as irresponsible as it is maddening.*

## Long gun registry

Now that the government has wasted more than a billion tax dollars organizing this poorly thought out plan, to disable it at this time would be an additional waste. Aside from pride, we now have nothing to gain with the demise of the registry. At a cost (if the detractors are accurate) of \$4 million dollars per year, it is worthwhile maintaining. To dismantle it would be throwing the baby out with the bath water, even though the water may be tepid. We should not allow 15 years of effort and cost spent on setting up the registry swirl down the drain if it would save even one life.

*Gene Hattori  
Brooklin, Ontario*

*ED: The CTF estimates over \$2-billion has been spent to date on the long-gun registry and it continues to absorb \$66.4-million each year according to the RCMP*

## Letters-to-the-editor

Letters may be edited for length, content and clarity.

Send your letters to:

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Regina, SK S4N 0N7

Fax: (306) 352-7203

e-mail: [letters@taxpayer.com](mailto:letters@taxpayer.com)

It was disappointing to just be 2 votes short of victory. I encourage the CTF to keep up the fight before and during the next federal election. We need to continue to inform people on how much this registry is costing and how it has not reduced



crime! Thank-you for all you have done.

*Joyce Young  
Vancouver, BC*

We should continue to fight and demand the media present more than one side of the story. The registry is an absurd use of tax dollars. If proponents want to "save lives," then re-direct these dollars into health care. Thank-you for your tireless efforts!

*Catherine Larade  
Halifax, Nova Scotia*

### Keep up the good work

I am a so called "senior citizen" who still motor cycles, sails and has one hell of a time living. I came into being 81 years ago and as a young man saw my Canada, as a nation to be proud of. Sadly, I believe my country has been enveloped by Trudeaumania plus. Government seems to be creeping into our lives little by little and we are slowly losing our freedoms. Keep up the fight!

*Don Beise  
Sidney, BC*

I've given up on political parties. I hope the CTF can provide some practical, common sense direction for our country. Thanks!

*John Keil  
St. Catharines, Ontario*

### Canada Revenue Agency

I am in the financial services industry and have to comprehend a lot of writing by lawyers. Nothing, however, compares to the writings of Canada Revenue Agency (CRA). I am of the view that it is done purposefully to thwart legitimate claims to deductions. I can't understand what they mean. I have talked to many people – including CA's – and they say the same thing.

A rule should be established whereby CRA's resources be capped at the same level to that of the tax filer. To me it is outrageous that they have bottomless resources to fight taxpayers. In effect, tax filers are forced to fund both sides in a dispute.

*Harold Grabowski  
Vancouver, BC*





## Hospital waste sure to make you sick

Ontario's Auditor General Jim McCarter investigated consulting expenses at 16 of Ontario's 154 hospitals and found waste that – pardon the pun – will make you sick.

One consultant earning \$1,100 a day, billed taxpayers \$7,800 for a personal vacation to Japan while another charged \$400 a night for a hotel room and racked up \$500 in long distance charges for a three-day trip to Chicago.

The auditor reports: “consultants were ... selected without competition and without a clear written out agreement setting out exactly what they were supposed to do.”

Other highlights in the auditor's 32 page report include:

- The 16 hospitals examined spent \$1.6-million in consulting fees to lobby the provincial government for more money;
- One consultant billed an entire week of expenses for a single speaking engagement in Hong Kong;
- One consultant billed \$97,000 in fees for “other” consultants and \$50,000 in “administration fees” neither of which were part of his agreement;
- One consultant billed a hospital twice for \$7,000 in “bonus, foreign exchange fees and a Christmas lunch;”
- One consultant billed \$350 for dinner for three people in Toronto which included \$215 for liquor and;
- When the auditor asked for receipts from one consultant who received \$170,000 in expenses over two years, the consultant asked for

\$3,000 to produce them.

The report says that contracts with consultants did not require board approval and payments were not supported with receipts. The Ontario health ministry estimates nearly a quarter-billion tax dollars have been spent on consultants since 2007.

But worry not dear taxpayer. The McGuinty government says it is “cracking-down” on the use of consultants. The consultant that took a personal vacation to Japan for example, was forced to reimburse half his plane fare!

with files from *The Globe and Mail* and  
*CTVglobemedia*

## Always get their salary

Nearly three years after being accused of having sex on duty while stationed on Vancouver Island, RCMP Constable Trent Richards is still receiving a full salary.

Richards confessed to contacting women via an online dating site through an RCMP computer and then using a police cruiser to arrange sexual liaisons. He reportedly had sex at least 15 times while on duty.

In 2007, he was ordered to resign, but immediately appealed the decision and will automatically receive full salary – complete with regular pay raises – until his case is finally heard. These appeals can take years to resolve.

There are approximately 47 RCMP officials in the appeals process across Canada. Sixteen from BC are costing taxpayers upwards of \$1.3 million a year in salaries alone.

With files from the  
*Montreal Gazette*



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**How did a \$465 million  
reno of Parliament Hill  
become a \$5 billion  
nightmare?**

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## Add another \$24 million to a \$4.5 billion cost overrun

In 1995, Ottawa priced out doing some renovations on Parliament Hill. At the time, costs were estimated at an eye-popping \$465 million. Fast forward 15 years adding delays and additions and now the price tag has jumped to – wait for it – \$5 billion!

With renovations in full swing, the House of Commons needed 4 “temporary” committee meeting rooms. According to documents obtained by the CBC, these four temporary rooms constructed in the former Museum of Contemporary Photography cost taxpayers \$6 million each.

In an interview with CBC, federal director Kevin Gaudet was shocked by the price tag suggesting a brand new building could have been built with those kind of dollars.

But this hasn’t been the only costs associated with the temporary space. In 2005, it was estimated the renovation costs for the West Block which houses 50 MPs, committee rooms, and food production would be \$349 million. That cost has since tripled to \$1 billion and includes \$100 million spent on “alternative accommodation.”

With files from CBC News

## 30 chiefs and counting...

Partial government data shows at least 30 Indian chiefs received more in pay than the average Canadian premier in 2008-09

Over a year ago, the CTF requested the salary information for every band chief and councillor in Canada. The response from the Department of Indian and Northern Affairs did not include any pay information for councillors and did not include funds chiefs received from band-owned enterprises and other funds set up with public

dollars. Further, names were withheld.

What was learned from the documents however, is that at least 30 chiefs took home more than \$109,893 in 2008-09, which was the average after-tax income for Canadian premiers that same year. Note, chief salaries are not taxable under the *Indian Act*.

Leaked band salary information provided to the CTF shows remuneration to band councils from band-owned enterprises and other funds set-up with public funds can be as high as \$203,592 annually.

The following chart breaks down the top ten salaries. Note the federal government withheld the chief’s identities.

Top ten Chief salaries		
Salary	Honorarium	Total
\$247,100	\$0	\$247,100
98,308	134,834	233,142
197,650	0	197,650
110,000	70,000	180,000
180,000	0	180,000
173,154	800	173,954
120,000	37,000	157,000
117,480	36,745	154,225
149,830	1,800	151,630
145,698	0	145,698

CTF Access to Information request

Canadian taxpayers “lend” a billion dollars to a Brazilian multi-national



## Committees meet, committees waste

Because the House of Commons is not in session over the summer months, two committees – public safety and industry – which met August 10 and August 16 respectively cost taxpayers around \$25,000 for MP travel expenses alone.

Normally, Ottawa doesn't schedule committee meetings until the House is in session to avoid these extra costs.

The two committees met for a combined total of two hours. They did not call witnesses or make any decisions.

The public safety committee met because a youtube video showed women boarding flights with veils on. There were concerns these individuals could board misidentified.

In this instance, it was decided the public safety committee was not the proper body to handle this issue.

Whew! Good thing we spent \$25,000 to figure that out.

With files from the *National Post*

## Long-gun registry fails again

If the registry can't monitor its own workers, how can it stop criminals? An approved long-gun registry verifier from British Columbia was sentenced to four-and-a-half years in jail for his involvement in a gun trafficking ring the police busted in 2006.

As an approved long-gun verifier, Christopher John Whaling assisted people in registering their guns. It was a volunteer position.

Whaling was registered to own restricted weapons, but not the prohibited weapons he was convicted of trafficking.

With files from the *Edmonton Journal*



## HST propaganda flip flop

The BC government produced a pamphlet to distribute just prior to July 1st, the inauguration date for the province's HST.

The government spent \$260,000 on design and another \$520,000 to print enough copies to reach every home in the province.

However, on the eve of distribution, Elections BC informed the government that because there was an anti-HST petition circulating, the pamphlet violated the province's *Recall and Initiative Act*.

The government trashed the pamphlet but used some of the material on a website. A later revision was also trashed because of a concern over optics while the anti-HST petition was in court.

With files from the *Vancouver Sun*

## Should Canada deport non-citizen inmates?

In the summer issue of *The Taxpayer*, we shared an issue raised by the *Winnipeg Sun's* Tom Brodbeck. After a non-Canadian was sentenced to 15 years in prison for murder, Brodbeck suggested deporting the criminal immediately instead of spending about \$1.5 million to keep the person in jail for the next decade-and-a-half, only to deport them upon their release.

As noted in the piece, we sought and obtained broader information from the federal government.

As of September 5, 2010, there were 554 non-citizen inmates in federal institutions. Considering the aver-

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**Expensive  
propaganda effort  
scrapped.**

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age inmate cost taxpayers \$101,666 annually in 2007-08, non-citizens in Canadian prisons are costing us over \$56.3 million annually.

Remember, if you're sentenced to a prison term, you haven't merely stolen a chocolate bar, you've done something serious like armed robbery, murder, rape, etc.

What do you think? Should these criminals do time in Canada for their crimes committed in Canada or should they be deported? Write us: [letters@taxpayer.com](mailto:letters@taxpayer.com).

Remaining Sentence Years	Total
0 years to less than 2 years	166
2 years to less than 5 years	219
5 years to less than 10 years	73
10 years to less than 15 years	5
Indeterminate sentence	91
Grand Total	554

Note: numbers represent a snapshot of years remaining on respective sentences. In most cases, original sentence length would have been longer. These numbers do not include provincial inmates.

CTF Access to Information request

## The little agency that didn't

They have nothing to do, which even for bureaucrats takes some work.

In 2007, the federal government set up a tribunal called the Public Servants Disclosure Protection Tribunal (PSDPT). Its purpose is to protect government bureaucrats from any repercussions if they spill the beans on government waste or illegal activities.

The panel would spring into action via a referral from Ottawa's public sector integrity commissioner who provides a mechanism for public servants to disclose issues of waste

or illegal activities. Cases are only referred if the commission found instances of retaliation.

Of the 170 cases the commissioner reviewed over the past three years, there was not a single instance of retaliation so no cases were referred to PSDPT for investigation.

Did this lack of work prevent the agency from spending money? Not at all.

In 2008-09 it spent \$836,000 and is budgeted to spend \$1.83 million annually over the next three years. Any unused funds are returned to the government.

The tribunal has four full time and two part time employees waiting for work. They have apparently "studied" the legislation, done some training, and learned to spin their wheels.

With files from the *Vancouver Sun*

## Scrap \$1 billion 'loan' to Vale

The federal Export Development Corporation announced it was giving Vale Inc. of Brazil a \$1 billion loan.

Vale is a multi-billion dollar multi-national corporation headquartered in Brazil. Their financial statements for 2009 reveal a very profitable net income of \$5.5 billion (U.S.) down from \$13.5 billion and \$12.6 billion in the two years prior. On September 23, 2010 Vale announced a share buy-back program for its excess cash.




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What hospitals waste on consultants is enough to make any taxpayer sick.

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## Peguis leaders' pay beats premier's

*Chief, band council remuneration 'atrocious,' taxpayers' group says*

By Mary Agnes Welch

The CTF asked the government to scrap the loan and to lift – pardon the pun – the veil of secrecy on the deal:

- How much will Vale draw off the loan and when?
- How is the loan broken down: repayable vs. conditionally repayable vs. non-repayable?
- What are the repayment terms and conditions if any?
- When is the loan due?
- What is the interest rate?
- What, if any, loan covenants does the agreement include?
- What is the remuneration for senior corporate and Canadian executives?

CTF news release

### Final numbers in on CFL game in Moncton

After an Access to Information request, the CTF received a breakdown on the taxpayer costs associated with a CFL game held in Moncton, New Brunswick on September 26<sup>th</sup> between the Toronto Argonauts and Edmonton Eskimos.

In total, three levels of government kicked in \$1.5 million:

- Federal government: \$800,000
- New Brunswick government: \$700,000
- City of Moncton: \$50,000

CTF Access to Information request

### G-8, G-20, G-Whiz!

First revealed was \$14,000 spent on glow-sticks followed by \$13,000 on clothing, head-

gear, and umbrellas.

And while the glow-sticks have past their expiry date; scrutiny surrounding the \$1.24 billion G8/G20 summits held this past June in Muskoka and Toronto has not.

CBC.ca posted the costs for 533 separate items stemming from the summits: \$80 million for food and accommodation, \$34 million for telecommunications and electronics and almost \$17 million for vehicle rentals and transportation.

Then there's the almost \$30 million spent to rent and refurbish a temporary joint command centre for police when they could have bought the building in Barrie, Ontario outright for \$3 million. Another \$315,000 was spent on high-end furniture, and \$26,661 on electronic mosquito traps.

The irony is that world leaders left these summits with a renewed commitment to fiscal prudence as an important step toward global economic recovery. Go figure!

With files from CBC.ca

### Housing starving artists

At the end of August, Toronto city council approved spending \$2 million for housing starving artists.

The Salvation Army was unloading a building it had used since 1930 as a boarding house, but was now sitting empty. Initially, city bureaucrats encouraged the charity to sell it to another charity involved in similar work.

However, local Toronto councillor Paula Fletcher convinced the city to buy and renovate the building. While other councillors condemned the move, councillor Pam McConnell stood in defence saying, "There is a dearth of housing in the area for artists."

With files from the  
Toronto Sun





The CTF is pleased to present occasional features on groups and individuals who are doing good works to promote the cause of limited government. The **Institute for Liberal Studies** (ILS) was founded in 2006 to encourage discussion of the classical liberal values of democracy, rule of law, and civil and economic freedoms in Canada. The ILS currently hosts seminars in Ontario and Quebec that are targeted towards university students and aim to help students engage with the classical liberal lineage of ideas in the fields of economics, philosophy, history and politics. Many of the speakers at ILS seminars are university professors, public policy analysts or journalists. Seminars help Canadians discover important elements of our history that are often forgotten such as the story of the Republic of Canada.

## The Republic of Canada that lasted one month

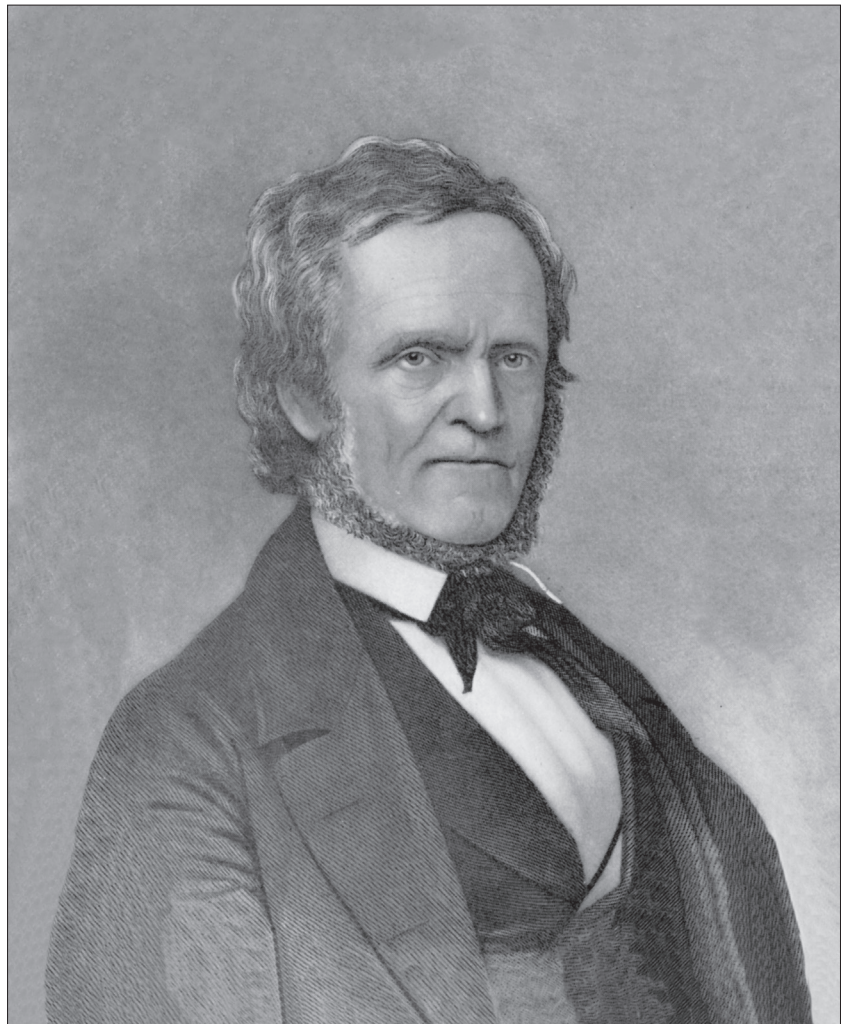
*by Matt Bufton and Peter Jaworski*

Despite our love of a gut-wrenching body-check, Canadians are sometimes thought of as nice folks who embody “peace, order, and good government,” happy to have the government as both our nanny and our big brother. Unfortunately, too many Canadians do not know their own history and our legacy of freedom.

That legacy includes the Upper Canada Rebellion, and the short-lived Republic of Canada.

In 1834, William Lyon Mackenzie was elected as the first mayor of York, now Toronto. A newspaperman who sat in the legislative assembly before becoming mayor, Mackenzie was a man who longed for greater individual liberty through responsible government.

He complained openly and found that other Canadians felt the same way. Canadians had to seek permission from the Family Compact to work on their own property. These societal elites controlled the allocation of property; forcing Canadians to jump through bureaucratic hoops to open businesses, farms,



William Lyon MacKenzie (1795-1861)

or get access to markets. And all this with no accountability – the elected legislative assembly was insufficiently powerful to serve as a



# THE VOLUNTEER.

Vol. I.] FOR THE WEEK ENDING SATURDAY, APRIL 17, 1841. [No. 1.

[1]

## TERMS OF THE VOLUNTEER.

It will be printed weekly, on Saturdays, at \$2 a year, or \$1 for six months. Six months' papers will complete a volume of between four and five hundred columns, with a title page and index, the cost of which will be only one dollar.

Three copies weekly, for twelve months, will be mailed for \$5 to any office in the Union—the price of six copies for six months will be \$2.50.

[2]

votes in an assembly whose proceedings would be looked upon with abiding interest by the governments and people both of Europe and America.

Not contented with private remonstrance, I denounced in the Gazette, week after week, the insane proposal of Major Handy and his friends, to commence another Windsor war, and have read...

The flag of the Republic of Canada can be seen on the masthead of *The Volunteer*.

based Sons of Liberty founded by Samuel Adams), on October 9, 1837, Papineau led an open rebellion in Lower Canada. Humiliated, and foreseeing disaster, the British sent regular troops from Toronto to help quell the

proper check against the oligarchs known as the Family Compact.

This sentiment was not restricted to Upper Canada. At the same time, Louis-Joseph Papineau was marshalling opponents of the Chateau Clique, the Lower Canada equivalent of the Family Compact.

Papineau and Mackenzie wanted to hold the Compact and Clique to account. They wanted legislators to be responsible, and responsive, to their constituents. They wanted greater individual liberty, including strengthened property rights.

In pursuit of their dream of a government held to account by the ballot box, they turned first to the soap box, and later to the cartridge box.

Just two months after founding the Société des Fils de la Liberté (named after the U.S.-

Lower Canadian Rebellion.

Mackenzie seized the opportunity, sacking an armoury. On December 4, 1837, Mackenzie organized 400 men at Montgomery's Tavern, and led them down Yonge Street. But he hesitated, and, rather than attack British de-



**Matt Bufton** served on the Institute for Liberal Studies' (ILS) board of directors from 2006-2010. Matt now serves as the Institute's Executive Director responsible for the day-to-day management of ILS. He is a 2002 graduate from the University of Windsor's Odette School of Business.



**Peter Jaworski** serves as a director for the Institute of Liberal Studies. He is a graduate of Queen's University (BA - 2002), the University of Waterloo (MA - 2004), and the London School of Economics (M.Sc. - 2005). He is currently completing his Ph.D. in Philosophy at Bowling Green State University.





fensive positions, he waited for the British troops. One thousand professional soldiers arrived with a cannon. Within 30 minutes what is now derisively called the Bar Fight on Yonge Street was over. Mackenzie's pitchfork-wielding rebels were dispersed.

The aftermath saw Mackenzie and 200 of his men flee to Buffalo, New York. After a wildly successful speech – to this day the largest such gathering in the history of Buffalo – deploring the lack of liberty in Canada, Mackenzie and his supporters left for Navy Island.

On December 13, 1837, he declared the island the "Republic of Canada." His belief, at the time, was that a republican form of government, similar to the system found in the U.S., would be better suited to ensuring individual liberty.

The rebels created a flag to symbolize their tiny nation, consisting of two white stars (representing Upper and Lower Canada) against a blue background, and the word "Liberty" below. That flag is preserved on the masthead of "The Rochester Volunteer," a newspaper founded by Mackenzie to motivate Americans to join the effort to overthrow the British colonial government in Canada.

The short-lived Republic of Canada is a chapter of our history representing a lineage of freedom often ignored. Authors like Brian Lee Crowley and Janet Ajzenstaat have argued that Canada was founded by classical liberals, and that classical liberalism was the dominant political

philosophy of Canada well into the 20th century.

We had a long and lasting love affair with liberty. We began flirting with something else only in the '60s and '70s. Canada wasn't founded by Pierre Elliott Trudeau, although children today can be forgiven for thinking that it was.

The Republic of Canada lasted exactly one month, from December 13, 1837 until January 13, 1838. But what it symbolizes is the enduring love of liberty and the willingness to fight for the hallmark of our Canadian identity. It's not "peace, order and good government" that defines us as a people, but a love of freedom.

We often disregard our true identity when we seek to differentiate ourselves from the elephant to the south. But theories of identity need not, and should not, focus merely on differences. Our identity is what we endorse as a people. Canadians have a classical liberal identity, discoverable through our primarily classical liberal history.

The Institute for Liberal Studies is using the Republic of Canada flag as a symbol to remind us of this commitment to both civil and economic liberties. The Republic of Canada is testament to our belief in the liberal values of freedom, opportunity, and equality before the law.❖



# Institute for Liberal Studies

To learn more about the Institute for Liberal Studies visit their website at [www.liberalstudies.ca](http://www.liberalstudies.ca). Republic of Canada lapel pins and t-shirts are available to purchase, with proceeds going to support the educational efforts of the Institute.

# Turning the tide in Atlantic Canada



**M**acLean's magazine caused quite a stir when it declared Quebec the most corrupt province in Canada. Parliament voted to censure the magazine, Rogers Communications (the company that owns the magazine) was forced to send out an apology and the reporters/columnists who wrote the article had to appear on cable news shows to defend their position.

As the debate raged between French politicians and English magazine writers, here in Atlantic Canada the reaction was quite differ-



by **Kevin Lacey**  
Atlantic Director

ent. While Quebecers tried to shed the undesirable title of most corrupt province, reporters and pundits here argued that if one wanted to see corruption, the real sinners were farther east – in Atlantic Canada.

Steve Maher, from the *Halifax Chronicle Herald*, declared that MacLean's had erred and that Nova Scotia deserved the "prize."

Longtime journalist, and now communications expert, Parker Donham, backed up Maher on CBC radio, complaining that the Eastern provinces had been overlooked in



“Thank goodness for the Canadian Taxpayers Federation and their relentless pursuit of government waste. On my daily radio show *The Afternoon News* in Saint John, Halifax and Moncton, information compiled by the CTF is invaluable. It’s great to see the federation now having an office in Atlantic Canada making what it does even more valuable. Thanks to the CTF for its great work.”

Tom Young  
Talk Show Host  
September 2010

*MacLean’s* search for the most corrupt.

Certainly there are egregious examples of corruption in all four Atlantic provinces.

Consider this past year when Nova Scotia politicians expensed thousands of dollars in new computers, electric generators for their homes, and even Xbox video games.

Meanwhile, in New Brunswick, taxpayers are on the hook for \$50 million after ATCON, a construction company owned and operated by Liberal Party supporters, went belly up af-

ter getting millions in government subsidies.

But it is not corruption alone that has left Atlantic Canadians frustrated with the way things are going in Atlantic Canada – there are other reasons to feel like we’re the worst off.

### A new voice for taxpayers

The taxes in Atlantic Canada are the highest nationwide.



President and CEO Troy Lanigan (L) and Federal Director Kevin Gaudet at Halifax news conference September 14, 2010 announcing the opening of the CTF’s Atlantic office.

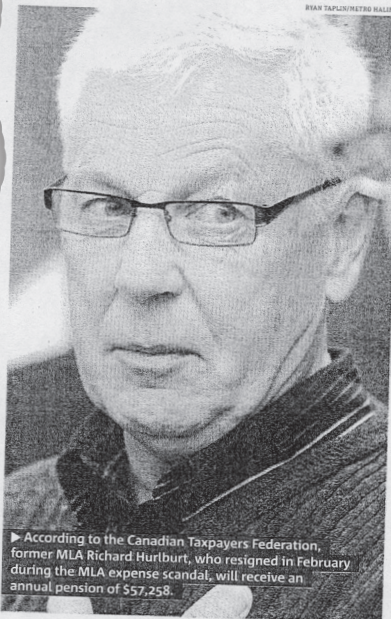
Declaring that the province was broke and there were no other options available, the newly elected NDP government in Nova Scotia chose to raise taxes rather than risk the political backlash of cutting expenditures. On July 1, 2010 the Harmonized Sales Tax (HST) was increased from 13% to 15%. This means that families earning between \$30,000 - \$60,000, which account for about 128,000 Nova Scotia homes, will pay an extra \$412 each year.

Income taxes also went up. All income earners making over \$150,000 saw their provincial income tax rate increase from 17.5% to 21%.

Staring an imminent tax hike in the face, you would think advocacy groups on both the left and right would stand up and fight the government. But instead, the tax increases went through with barely a whimper. Only the Atlantic Institute for Market Studies (AIMS) spoke out against the tax increase.

Other groups, out of concern that their relations with provincial government ministers would be affected if they publicly opposed the increases, kept silent.

## Report touts MLA pension overhaul



▶ According to the Canadian Taxpayers Federation, former MLA Richard Hurlburt, who resigned in February during the MLA expense scandal, will receive an annual pension of \$57,258.

Study says 24 MLAs stand to take in more than \$23 million should they all live to age 75

Nova Scotia taxpayers are contributing millions each year to pensions for politicians that are the richest in Atlantic Canada, according to the Canadian Taxpayers Federation.

The non-profit advocacy group opened its Atlantic office yesterday in Halifax with the release of a report calling for major changes to the way pensions are funded for the 52 members of the provincial legislature.

"The MLA pension program is so rich that for every \$1 contributed by a politician, the taxpayers contribute \$22 towards their retirement — this amounts to \$11 million a year," said Kevin Lacey, the group's new Atlantic Canada director.

The group said the calculation included interest.

Lacey said the report makes three key recommendations. It includes replacing the current

### Pension plan

Under their defined benefit program, Nova Scotia politicians must contribute 10 per cent of salary each year to maximum of 15 years. To qualify, MLAs must serve five years in at least two general assemblies and be 55 years old to begin collecting.

pension program with RRSP-style defined contribution plan where contributions would be reduced dollar-for-dollar by taxpayers and politicians.

And in a nod to constituency expense, Lacey said new MLAs should also be ensuring any new guilt of a judicial officer.

New Brunswick taxpayers will also see less money in their pocketbooks.

The newly elected Progressive Conservative government promised in their election platform to cancel tax cuts which were ex-

## Meet CTF Atlantic Director Kevin Lacey

Kevin grew up in Halifax, Nova Scotia where he continues to live.

Kevin has experience in both the public and private sectors. He recently ran his own consulting business providing advice to leading politicians and corporations. He's served in Prime Minister Stephen Harper's office and was a senior advisor to Nova Scotia Premier John Hamm. Prior to

this he worked as an associate with a large Atlantic based public affairs company. He's also worked for both The Atlantic Institute for Market Studies and The Fraser Institute.

Kevin in his spare time enjoys fixing up his 30-year-old sailboat. He is married with one child.

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Halifax, NS  
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pected to kick in next year on high-income earners and corporations. This reverses a trend by the previous Liberal government to make New Brunswick one of the most tax competitive jurisdictions in Canada.



“Darrell Dexter’s pension stands now at approximately \$90,000 a year when he turns 60 – his total lifetime pension is over \$2 million dollars.”

to get and the benefits are excessive. In Nova Scotia, an MLA only has to serve six years before he or she qualifies for a monthly pension at age 55. In New Brunswick, MLAs must serve approximately eight years before they qualify for a full pension at 60.

Once an MLA qualifies for a pension, payments escalate quickly. In Nova Scotia, each

But despite politicians running amuck and advocacy groups refusing to stand up to them; talk shows, letters in local papers and discussions at the local coffee shop made clear that many in Atlantic Canada were looking for a voice.

## Leading by example: reforming MLA pensions

At separate press conferences in Halifax and Fredericton this past September, the Canadian Taxpayers Federation announced a full-time presence in Atlantic Canada.

Along with the announcement of a new office, the CTF hit the ground running and released two reports examining gold-plated pension plans for provincial politicians.

No entitlement stands out as being so outrageously out of step with taxpayer values as the MLA pensions in Nova Scotia and New Brunswick.

In both provinces, MLA pensions are costing taxpayers millions. Nova Scotians are paying about \$11 million a year in MLA pensions and New Brunswickers are shelling out \$7.5 million. For every \$1 that an MLA pays into the pension program in Nova Scotia, he or she receives \$22 from taxpayers. In New Brunswick, the number is only marginally better – for every \$1 an MLA puts in, he or she gets \$16 more from taxpayers.

MLA pension programs are easy

### Nova Scotia MLA Pensions

Estimated totals for service to Dec. 31, 2010:

Member	Party	Annual Pension (\$)	Lifetime Pension (\$)¹
Gaudet, Wayne (Hon.)	Liberal	89,617	2,022,035
Dexter, Darrell (Hon.)	NDP	89,341	2,015,795
Scott, Murray (Hon.)	PC	76,897	1,541,487
MacDonald, Manning (Hon.)	Liberal	69,443	504,717
Colwell, Keith (Hon.)	Liberal	67,116	863,140
Corbett, Frank (Hon.)	NDP	56,666	1,278,546
Estabrooks, Bill (Hon.)	NDP	56,666	728,741
MacDonald, Maureen (Hon.)	NDP	56,666	1,206,796
MacDonell, John (Hon.)	NDP	56,666	1,278,546
Samson, Michel (Hon.)	Liberal	55,863	1,260,434
Epstein, Howard	NDP	54,798	704,720
Clarke, Cecil (Hon.)	PC	52,409	1,182,505
Steele, Graham (Hon.)	NDP	48,297	1,089,717
d'Entremont, Chris (Hon.)	PC	44,894	1,012,943
Parker, Charlie (Hon.)	NDP	39,347	551,692
McNeil, Stephen (Hon.)	Liberal	37,661	849,737
MacLeod, Alfie (Hon.)	PC	34,425	776,737
More, Marilyn (Hon.)	NDP	33,639	318,341
Gosse, Gordie	NDP	32,685	737,481
Glavine, Leo	Liberal	31,865	718,964
Raymond, Michele	NDP	31,771	716,859
Therault, Harold Jr.	Liberal	31,771	520,618
Whalen, Diana	Liberal	31,771	716,859
Wilson, David	NDP	31,771	716,859
Avg. Pension		46,617	896,703

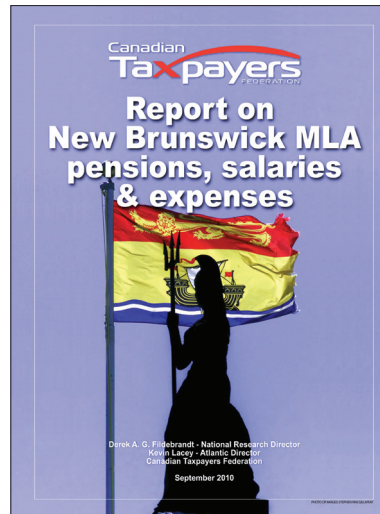
1. Est. to Age 75 Source: Canadian Taxpayers Federation

year pension pay outs go up 5% and in New Brunswick they increase by 4.5%. To put this in perspective, after serving about 15 years, an MLA gets a payout comparable to someone who has been paying into a public service pension plan for 35 years.

The size of the pension that politicians get is staggering. Former New Brunswick Premier Shawn Graham, who was just defeated in the September 27<sup>th</sup> election, will receive a pension of over \$60,000 a year at age 60. And in total, he'll collect approximately \$1.2 million in total lifetime pension benefits.

The Nova Scotia Premier has an even larger pension waiting for him. Darrell Dexter's pension stands now at approximately \$90,000 a year when he turns 60 – his total lifetime pension is over \$2 million.

But it could have been worse – New Brunswick taxpayers just missed paying out seven more pensions to MLAs who fell below the



“But it could have been worse – New Brunswick taxpayers just missed paying out seven more pensions to MLAs who fell below the entitlement threshold by just two months.”

entitlement threshold by just two months.

Both provinces are running huge deficits – Nova Scotia's is about \$220 million and New Brunswick's is about \$750 million. As the governments struggle to get their fiscal houses in order, it seems absurd that

politicians protect their own multimillion-dollar pension plans.

The good news is that reform of these pensions programs has been promised, though progress has been slow.

Nova Scotia Premier Darrell Dexter left a cabinet meeting two days after the CTF pension study was released to respond. He said that he was open to a review. He also said that a CTF spokesman shouldn't have the right to offer an opinion on MLA salaries and benefits – he said the government needed to hire an expert for that.

## New Brunswick MLA pensions

Payments to New Brunswick MLAs defeated in the September 27th election:

Member	Party	Annual Pension (\$)	Lifetime Pension (\$)¹
Byrne, Greg	Liberal	33,947	587,057
Kennedy, Larry	Liberal	81,414	1,300,497
Volpe, Jeannot	PC	63,514	1,098,367
MacIntyre, Roly	Liberal	43,813	376,044
Jamison, Staurt	Liberal	77,816	1,345,707
MacAlpine-Stiles, Joan	Liberal	47,811	826,815
Huntjens, Tony	PC	41,734	172,011
Stiles, Wally	Liberal	41,234	713,236
LeBlanc, Cy	PC	39,693	686,427
Avg. Pension		52,331	789,573

1. Est. to age 75 Source: Canadian Taxpayers Federation





Kevin Lacey, the new Atlantic director of the Canadian Taxpayers Federation, talks to reporters during a news conference Tuesday in Halifax. The group released a study on MLA pensions and benefits at the event. (TIM KROCHAK / Staff)

## Overhaul of MLA pensions urged

Taxpayers contribute \$22 for every dollar put in by politicians, group calculates

By DAVID JACKSON  
Provincial Reporter

MLA pensions are too rich and their perks need more trimming, says the Canadian Taxpayers Federation.

The group, which bills itself as a non-profit, non-partisan advocacy organization, just named an Atlantic director and released a report on MLA pensions and benefits Tuesday.

The federation calculated that taxpayers contribute \$22, including interest, for every dollar MLAs put into their pension

15 years.

In terms of dollars, the 24 sitting MLAs now eligible for a pension would receive benefits between \$31,771 a year and \$89,617 a year. The average is \$46,617.

The NDP, on a caucus retreat at Liscombe Lodge, had no comment on the report Tuesday.

"We want to review it carefully before commenting," caucus chairwoman Vicki Conrad said in a statement.

Finance Department spokeswoman Patricia Jreige sent an email Tuesday

book," she said.

"I don't think it's untoward for people to get pensions, if they do service, of \$50,000 a year. And just because the rest of us don't do so well, I don't begrudge it to them. I think the rest of us should do as well."

Haiven also noted the federation's report mentioned how much MLAs are paid, and she said it can be a difficult job. The base pay is \$86,619, while the premier, cabinet ministers and MLAs in other positions get more.

"It's a job that not everybody wants to have. And certainly, it takes you away from home, it takes you away from raising your children, generally. It takes you away from your family."

prior to 2006.

Lacey said he's stepped back from politics. He said he's suspended his membership in the provincial Tory party. He said he's long advocated for smaller government, and politics had been a way to work toward that.

"Today I really want to take that to the next level," Lacey said at a Halifax news conference.

"I'm now a full-time advocate, and I'll tell you, no matter what party's in office, if they bring in reforms that are good for taxpayers, those are things I'll support."

The taxpayers federation was founded in 1990 when two groups in 2006.

form commission says.

It's no coincidence that in every province where the CTF has established a full-time presence – from Ontario and farther west – success has been found in reforming MLA compensation making it more transparent and in line with public expectations. Specifically, in all of the western provinces, the CTF succeeded in efforts to make politicians salaries fully taxable and reform pensions based on the principle that taxpayers should contribute no more than \$1 for every \$1 contributed by their elected representative.

The reason for this is simple ... rich MLA pension programs are indefensible.

## Going forward

Blowing the whistle on MLA pension programs is just the beginning for the Canadian Taxpayers Federation in the Atlantic Region. Already, work has begun to expose generous MLA severance packages and recently Nova Scotia House Speaker Charlie Parker gave in to a CTF call for MLAs to include all expense information on their new online disclosures.

After the CTF fights to change MLA pensions, lower taxes and reduce the size of government, perhaps instead of arguing over the title of most corrupt province, pundits will be celebrating how far things have come in Atlantic Canada. ♦

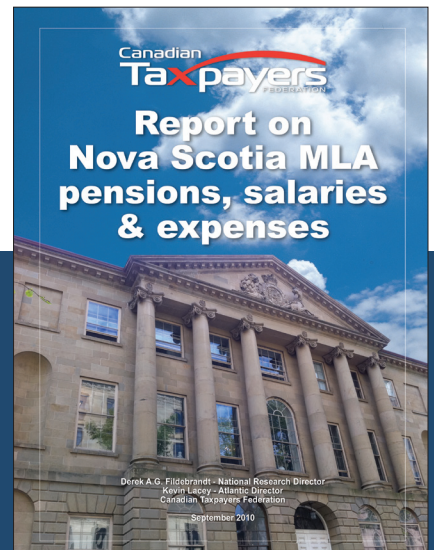
The other political parties also supported some kind of review of MLA pensions. Liberal leader Stephen MacNeil said he supported a review but wanted it to be done by the MLAs themselves. Progressive Conservative leader Jamie Baillie said he supported the CTF recommendation that the public should conduct such a review.

The NDP in Nova Scotia may not have liked the report very much, but the New Brunswick NDP did. The New Brunswick report on MLA pensions was released during the provincial election and during the leaders' debate, the Leader of the NB NDP demanded to know why Liberal and Conservatives both agreed to huge increases in MLA pensions -- a lofty position to take since the NDP had no sitting MLAs (and still don't).

In New Brunswick, a new reform commission looking into MLAs has been set up and will report back in the next few months. Newly elected Premier David Alward says he'll abide by whatever the re-

“We welcome the decision of the Canadian Taxpayers Federation to make reform of MLA pensions the subject of a scathing report and petition as it launched a new regional office this week.”

Lead Editorial  
Halifax Chronicle Herald  
September 16, 2010



# Gun registry abolition fails TWO VOTES SHORT



A vote in the House of Commons on September 22nd halted the closest effort to date in abolishing the wasteful and intrusive long gun registry. It was a disappointing day for the CTF and many of its supporters that have worked tirelessly on this issue for 15 years.

Back in November 2009, a private member's bill put forward by MP Candice Hoepfner to kill the registry passed second reading in the House of Commons on the strength of

8 Liberal MPs and 12 NDP MPs joining 143 Conservatives.

However, momentum started to change at committee stage in May. A majority of MPs on the Public Safety Committee supported the wasteful long gun registry and were successful in passing a motion to strike Bill C-391 down.

Moreover, opposition party leaders and special interests worked overtime to – ahem – change the minds of any Liberal or NDP





MPs who supported ending the registry.

Of the 21 Opposition MPs that voted in November to scrap the wasteful long gun registry; only 7 New Democrats commendably stood their ground. The vote to scrap Bill C-391 passed 153-151; thus closing but the latest chapter in this fight.

## History

In 1995 when Jean Chretien's Liberal government introduced Bill C-68 creating a long-gun registry, Canadians were promised it would lower crime and only cost taxpayers \$2 million dollars. We now know, almost 15 years later, that this wasteful program has cost Canadians an estimated \$2 billion dollars. That's

five times larger than what was wasted in the Sponsorship Scandal!

Of course that \$2 billion figure is an estimate. In 2002, your CTF presented Auditor General Sheila Fraser a petition with over 14,000 signatures asking her office audit the program. She did. And her findings revealed astounding waste.

A second audit by Fraser in 2006 found that budget overruns had been hidden from legislators and the public, in breach of the

law and the government's own accounting practices. Parliament's constitutional power to decide how tax dollars are spent was usurped by bureaucrats.

To keep the government's feet to the fire, the CTF presented a new petition to Ottawa in 2006. This time our petition garnered over 28,000 signatures and called on the federal government to shut down the long-gun regis-

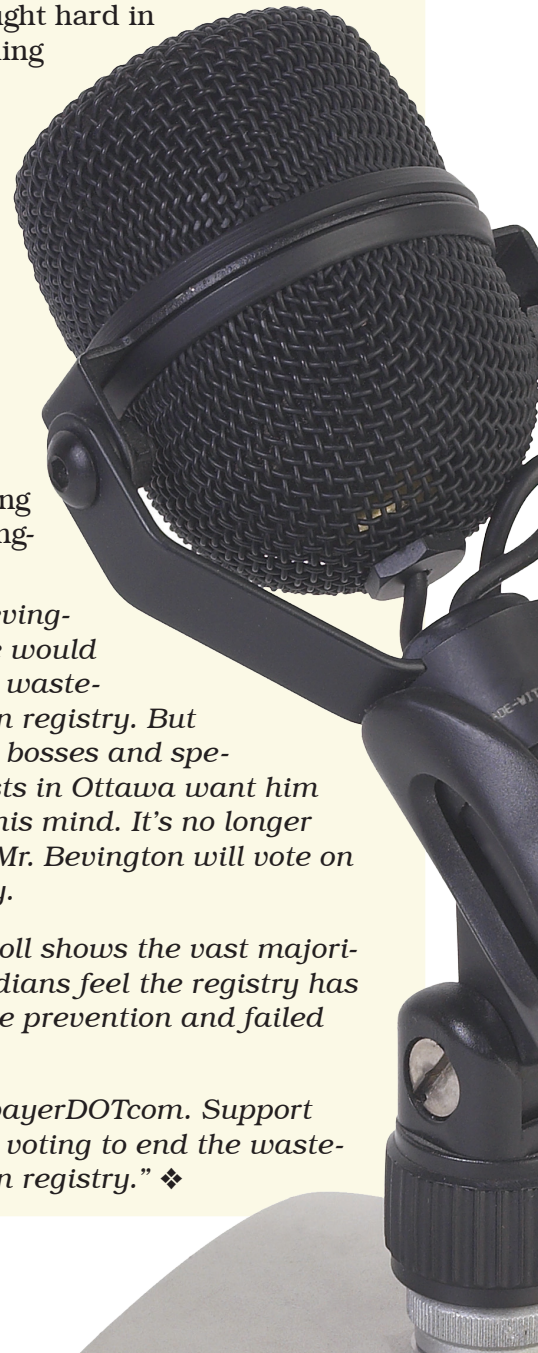
## Radio Ads

Your CTF fought hard in the days leading up to the September 22nd vote by airing radio ads in key ridings across Canada to support opposition MPs that voted in second reading to end the long-gun registry:

*"Dennis Bevington said he would oppose the wasteful long gun registry. But now, party bosses and special interests in Ottawa want him to change his mind. It's no longer clear how Mr. Bevington will vote on Wednesday.*

*Poll after poll shows the vast majority of Canadians feel the registry has failed crime prevention and failed taxpayers.*

*Got to taxpayerDOTcom. Support your MP in voting to end the wasteful long gun registry." ♦*



## 2 VOTES SHORT



The CTF would like to recognize and commend MP Candice Hoeppner who has fought a principled battle to get rid of the wasteful and intrusive long gun registry. Bill C-391's defeat has surely been as disappointing for her as it has been for many CTF supporters. We feel a thank you and a word of encouragement for her efforts is warranted.

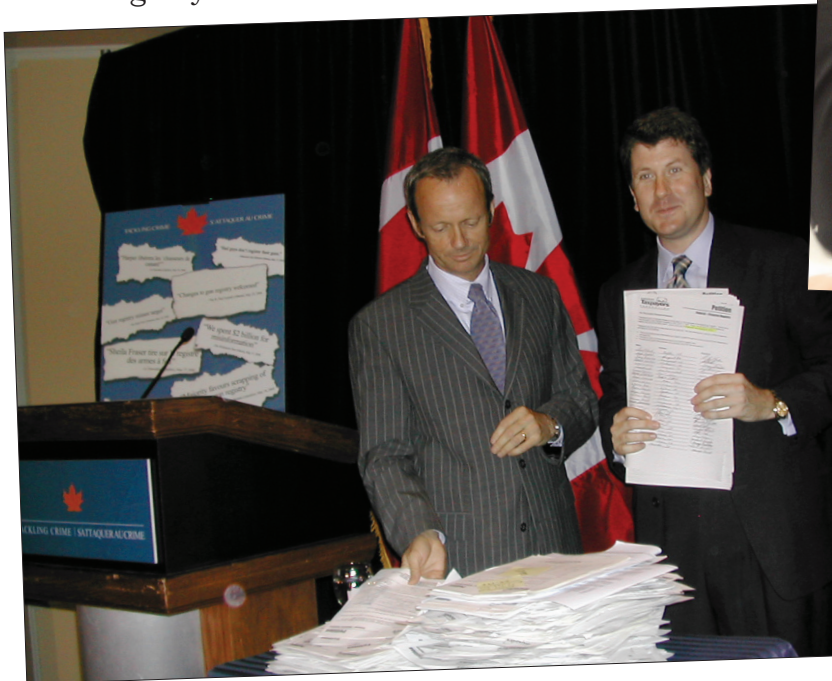
**Candice Hoeppner**  
House of Commons  
Ottawa, ON K1A 0A6

Ph: (613) 995-9511  
Fax: (613) 947-0313  
E-mail: Hoeppner.C@parl.gc.ca

**Note:** There is no postage required to mail an MP in the House of Commons.

try and reallocate budgeted gun registry spending to front-line policing and effective controls against illegal firearms.

The petition was received at the time by then Public Safety Minister Stockwell Day, but it wasn't until the introduction of Bill C-391 that abolition of the registry re-



ally picked up momentum.

Manitoba MP Candice Hoeppner's bill which would have killed the registry, but required people who want to purchase long-guns to be licensed, passed second reading in Parliament 164 – 137 on November 4, 2009. It was aided thanks to thousands of CTF supporters who blitzed Parliament Hill with messages urging its passage.

When the bill moved onto committee stage it was a struggle just getting witnesses opposed the registry to be allowed to testify. But after urging from CTF supporters, CTF federal director Kevin Gaudet appeared before the committee on May 25, 2010 and made the case for C-391.

Public opinion was clear. Seventy-two per cent of Canadians told pollster Angus Reid that the long gun registry has done nothing to prevent crime. An online survey of rank and file police officers – although not scien-





**CTF in action:** Left: **Former federal director John Williamson** (R) presents long-gun registry petitions to the Hon. Stockwell Day. Above: **federal director Kevin Gaudet** testifies in support of *Bill C-391* before the Public Safety Committee.

tific — was even more decisive, with 92% of them wanting it scrapped.

The CTF undertook every imaginable effort between May 2010 and the September 22nd vote to save Bill C-391. We targeted local CTF supporters to local MPs. We ran radio ads aimed at wavering MPs who had previously supported abolishing the wasteful long-gun registry. We wrote and published commentaries, organized on social networks, and conducted dozens of media interviews and public debates across the country. We came up short; but we fought hard and we fought honestly.

## Moving forward

The CTF's position that the long-gun registry is an ill-conceived crime-fighting tool that wastes tax dollars and has created inconvenience to thousands of law-abiding Canadians remains. We have polled our supporters on next steps and will be discussing strategy as we move toward the next federal election. To all of those who have, and continue to, support this effort with your time in money, thank-you! Nothing worth fighting for happens overnight. Your CTF remains resolute!❖

# Supporter Survey Result

**Has the CTF been an effective advocate in fighting to end the wasteful long-gun registry?**

**YES**  
**90.1%**

**NO**  
**9.9%**



# A Productive Summer

**F**or the second summer in a row, the Canadian Taxpayers Federation (CTF) was pleased to partner with the Manning Centre for Building Democracy in hiring, training and employing two student interns. Working with CTF National Research Director Derek Fildebrandt in the CTF's Ottawa office, these two students had a chance to work on the front line of the taxpayers' movement and acquire valuable skills to take back to their campuses.

## Ashley Thomassen

**School:** 3rd Year law at Carleton University

**Age:** 20

**Hometown:** Thamesford, Ontario

Thanks to the Manning Centre, CTF staff and the generosity of CTF donors, my summer was filled with invaluable opportunities and experiences. I consider myself fortunate to have been part of a team with such an important mission.

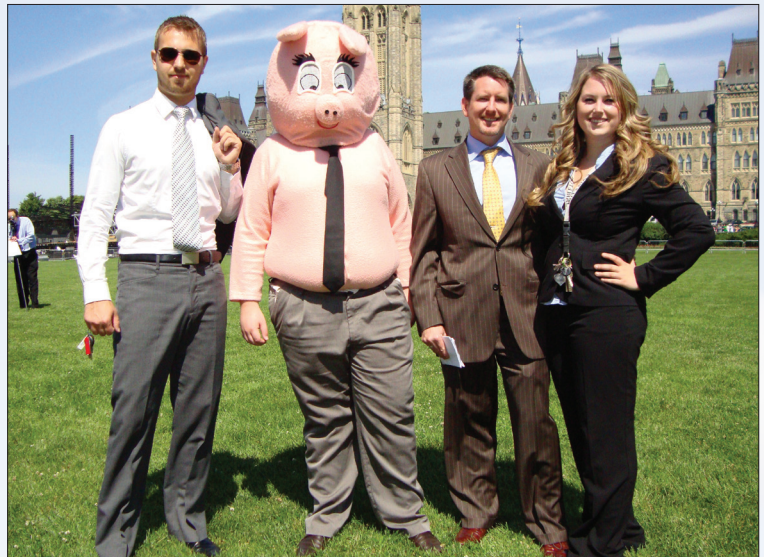
One of the first things I learned was how to file an Access to Information request. Filing and tracking information requests was an ongoing process of arguing with bureaucrats and launching appeals throughout the summer. It's not easy getting information from the government! I also learned how to write media advisories and press releases.

Another major project this summer was our press conference on Parliament Hill drawing attention to the 75 MPs elected in 2004 that became eligible for a gold-plated pension. To create an effective visual, we littered the lawn of Parliament with 75 pink plastic pigs. Working with CTF staff, I booked the location, found and rent-

ed pigs and filled the back of my pick-up to haul them up to Parliament Hill. As expected, getting through security with a truck-load of plastic bacon raised a few eyebrows with the RCMP!

Finally, the most rewarding project was developing and assembling a Municipal Ratepayers Guidebook. Using material written by CTF staff, guest commentators and existing ratepayer groups, the guidebook is designed to put best practices in the hands of local ratepayers who want to hold their governments accountable and push for responsible levels of taxation and spending.

I have no doubt that the skills I have acquired and developed working with the CTF will help me as I return to campus. Data collection and analysis, problem-solving, critical thinking, media relations and professional communication are only a few of the skills that I have learned while interning at the CTF. As I continue my advocacy efforts on campus



Left to right: Federal research director Derek Fildebrandt, intern Michael Kennedy as Porky the Waste Hater, Federal director Kevin Gaudet and intern Ashley Thomassen



# er for Student Interns

in the fight against big-government, I am confident that I will be well equipped!

## Michael Kennedy

**School:** 3rd year political science at Dalhousie University

**Age:** 22

**Hometown:** Cape Breton, Nova Scotia

When I was selected as a finalist by the Manning Centre, I made sure to stress that placement with the CTF was my first choice. As it turns out, I made the right choice.

My first project was researching the salaries and pensions of politicians. In May and June, I helped to calculate federal MP pensions for the "Class of 2004" who were becoming eligible for gold-plated pensions. In addition to researching MP service backgrounds and calculating their pensions, I was also given the honour of sporting Porky the Waste Hater's costume during the press conference. Despite the heat, I was proud to stand on the front lawn of Parliament Hill, surrounded by 75 pink plastic pigs in commemoration of the event.

Next was preparing for the launch of the CTF's new Atlantic office in Halifax by compiling data to be used for a report on Atlantic MLA pension benefits, salaries, severance plans and perks. As a Maritimer, this project was particularly rewarding and I am proud to have contributed to shedding light on government waste in my region!

Working at the CTF equipped me with a range of practical skills that will pay divi-



Michael Kennedy and Ashley Thomassen participate in Gas Tax Honesty Day May, 2010.

dends in my future academic and post-graduate career. I have learned how to communicate effectively via the media, how to navigate through webs of government bureaucracy, how to file Access to Information requests and how to collect and organize data.

I am excited to start a new semester and work with other students in advancing the values of accountability, limited government and freedom on campus. To the CTF's many generous donors who made this opportunity possible for Ashley and I, thank you!❖

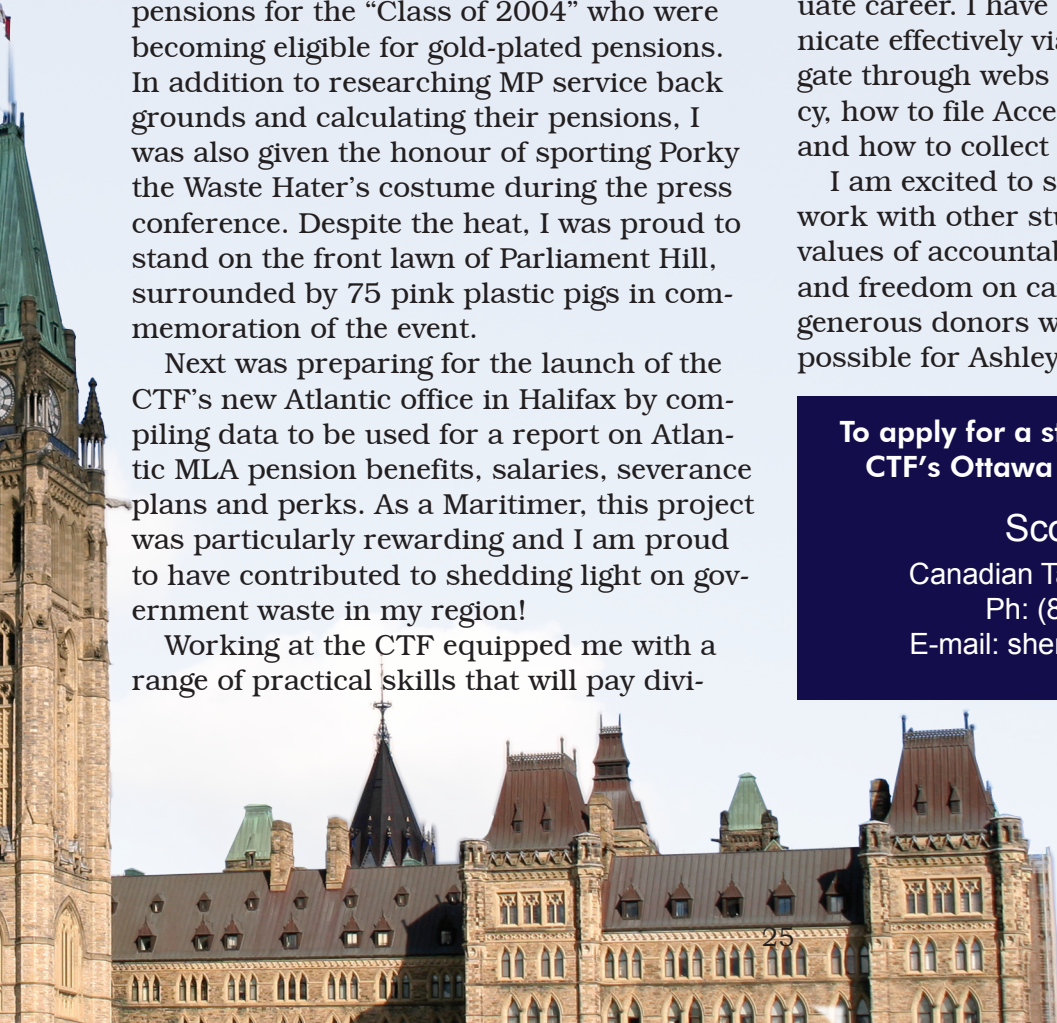
**To apply for a student internship in the CTF's Ottawa office please contact:**

**Scott Hennig**

Canadian Taxpayers Federation

Ph: (800) 661-0187

E-mail: [shennig@taxpayer.com](mailto:shennig@taxpayer.com)







# The public sector private sector wage gap: a **\$23,800** advantage for public servants

by Ben Eisen

In 1998, Professor Richard Mueller published an academic paper in the journal *Economics Letters* in which he clearly established the existence of a public sector “pay premium” in Canada. After controlling for several relevant variables, Mueller found that public sector workers in Canada were being paid significantly more money than comparably skilled, educated and experienced counterparts in the private sector. Mueller’s calculations did not take into account benefits and job security, both of which tend to be better in the public sector. With these perks, as

## **WAGE** advantage

well as the pay premium discovered in Mueller’s regression analysis, it was already clear in 1998 that public sector workers were generally compensated more generously and enjoyed more security than comparable workers elsewhere in the economy.

Has that gap shrunk since 1998? Not at all. In fact, Statistics Canada data shows significant evidence the pay gap has grown considerably since that time.

Statistics Canada uses the North American Industry Classification System (NAICS) to track average wage levels for workers employed in different areas of the economy. The NAICS divides the economy into 20 major categories, one of which is public administration. This category does not include all public sector workers, but it is the largest category that consists entirely of government workers, and includes individuals engaged in the administration, oversight and management of public programs. In short, the public administration category consists of bureaucrats, as the term is typically understood, but does not include other government workers such as teachers, doctors and crown corporation employees. Even though it does not include all public sector workers, public administration is one of the largest employment categories tracked by Statistics Canada. The category includes a total of more than 1 million government employees at all three levels of government, about 30% of all public sector workers and about 7% of the entire workforce. To be concise, I’ll refer to this category of public administration workers as “public servants”. A comparison of wage growth for this category of public employee to wage growth in other parts of the economy clearly suggests that while public servants had it good in 1998, their pay premium has grown substantially since that time, expanding the gap between government employees and similar workers elsewhere in the economy.

In fact, wages for both federal and provincial public servants grew more between 1998 and 2008 than did wages for *any other major category of worker* tracked by Statistics Canada. Furthermore, the data suggests the



## The public sector **WAGE** advantage

“Wages for both federal and provincial public servants grew more between 1998 and 2008 than did wages for any other major category of worker tracked by Statistics Canada.”

wage gap is still growing and is likely to become even larger in the years ahead unless conscious efforts are made to reverse the current trajectory.

The chart below compares wage growth over the past ten years for public servants at the federal, provincial and municipal levels with the other major categories of workers in the economy as categorized by Statistics Canada. Categories such as health, education and utilities that are comprised largely of public sector employees have been excluded, so as to allow a straightforward comparison between wage increases for public servants and workers in primarily private-sector industries.

### **The wage gap grows by 239% for public servants**

At all three levels of government, public servants enjoyed stronger wage growth over the past decade than the average worker in the economy. The result, as the chart on the following page shows, is that the wage gap between the average public servant and average worker in the economy has increased by 239 percent in recent years, going from \$9,950 per year in 1998 to \$23,800 in 2008. Again, these numbers somewhat understate the size

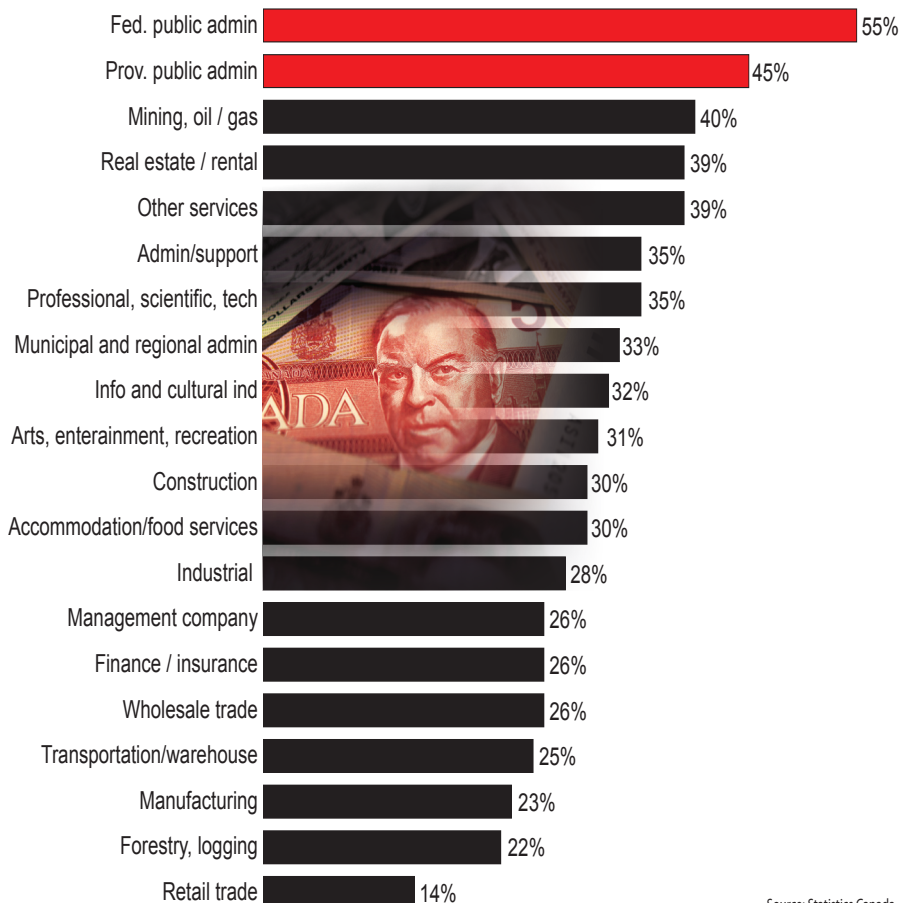
of the gap between public servants and private sector workers since government employees enjoy several other advantages including greater job security and more generous benefit packages that are not captured in this statistic.

Growth in the wage gap between public servants and the average worker in the economy is not *necessarily* objectionable in and of itself. It is possible economic and technological changes over the past ten years have increased the value of highly educated workers – which bureaucrats tend to be – thereby causing government wages to increase faster than the economy-wide average.

However, the fact wages for federal and provincial public servants are growing sub-

### **Wage Growth by Industry (1998 - 2008)**

Increase in average weekly wages (%)



Source: Statistics Canada

## The public sector **WAGE** advantage

stantially faster than wages in *any other industry* – including fields like finance and professional services that also generally require significant education and skills – cannot be explained away. Benign explanations about economic and technological changes cannot explain the *uniquely* rapid wage growth for public administration workers. Instead, we must look to political explanations, such as rent seeking and union influence on government policy to explain the anomalously rapid growth of government wages.

Mueller's careful, scholarly 1998 analysis used sophisticated regression analysis to prove public sector workers tend to earn more money than comparably skilled and experienced private sector workers. Although most public sector workers already enjoyed a pay premium in 1998, Statistics Canada data shows public administration workers at the federal and provincial levels have seen their wages increase, on average, faster than any other major category of worker over the past decade. It is therefore clear that the pub-

lic sector pay premium or, to use more formal language, "economic rent extracted by public servants" has grown substantially over the past ten years.

There is nothing to be gained by vilifying public servants. Most in my experience are bright, diligent and well-educated. However, the continued growth of economic rents for public administration workers is unfair to the taxpayers who foot the bill, and current trends must therefore be reversed. Pressure should be exerted on government to thoroughly analyse the size of the economic rents extracted by public sector unions in Canada, and government wage growth should be frozen until natural growth in private sector wages eliminates the unfair public sector pay premium. ♦

Ben Eisen is a policy analyst with the Frontier Centre for Public Policy ([www.fcpp.org](http://www.fcpp.org)). Ben has authored studies on a wide range of subjects including an analysis of the unintended consequences of Canada's equalization program and an interprovincial comparison of healthcare system performance in Canada.





### Book Review: **BEYOND THE INDIAN ACT**



**F**irst Nation communities have the right to enjoy all the benefits of the modern economy.

This means understanding that entrepreneurship and small and medium sized businesses are the engines driving that economy.

The Canadian Taxpayers Federation has always stressed self-reliance and job creation as ways to cure poverty on First Nation reserves.

For business to exist, it relies on capital, which is mainly driven through loans from commercial lenders. More often than not that involves having access to private property. For property to be truly owned it must be capable of being seized for non-payment or used as collateral. It must also be capable of being transferred or sold to anyone.

History and basic economics teaches us wealth is best created by the private sector and property is put to most productive use when it is in the hands of private parties, not collective bodies or governments.

For Indian bands, this is a challenge. Cultural attitudes acted against the development of an indigenous business class and individual entrepreneurship. It was assumed entering business came at the expense of Native identity.

But, entering the business world and holding onto indigenous culture are not mutually exclusive, as shown in a landmark new work called *Beyond the Indian Act: Restoring Aboriginal Property Rights*. The work is a compilation of three scholars, Prof. Tom Flanagan of the University of Calgary, Prof. Christopher Alcantara of Wilfrid Laurier University, and Andre Le Dressay, director of Fiscal Realities Economists. In

fact, having a strong economic base is central to achieving the self-determination many First Nation communities desire.

In their work, the authors lay out the case for real property rights on Indian reserves



“The authors demolish the mythology that private property traditions were alien to First Nation societies.”

through the use of voluntary legislation.

As early as the 1970s, national Aboriginal organizations were vocal in opposing capitalism. In 1973, the National Indian Brotherhood (NIB) released a *Statement on Economic Development of Indian Communities*. The NIB was the forerunner to the Assembly of First Nations (AFN). In the document, it was claimed private interests were inimical to tradition and that business would create conflicts between individual and community interests.

Fast forward to 2010 and Aboriginal entrepreneurs now number in the thousands. In 2009, the self-governing Nisga'a Nation in British Columbia passed a historic law allowing its members to receive residential property in complete fee simple. Members could sell or transfer their land to anyone, Aboriginal or not. This represented a significant milestone in Canadian indigenous history. That property will then be recorded in a Nisga'a Land Registry where it will

# Indigenous & Independence

Book Review

be protected.

Most significant are changes in attitudes. For example, at a meeting of the Toronto Board of Trade, AFN national chief Shawn Atleo expressed an interest in what the Nisga'a were doing. He said he would not stand in the way of new ideas.

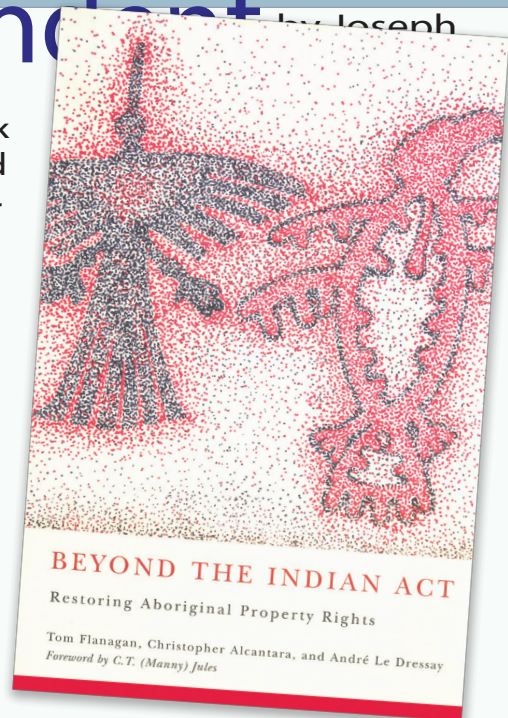
Then again, Aboriginal property rights are not really new.

In *Beyond the Indian Act*, the authors demolish the mythology that private property traditions were alien to First Nation societies. This means collectivist ideas held by modern Aboriginals are not based in factual history but a constructed romanticized version of history. In Tom Flanagan's section on property rights, it is shown that indigenous societies, like all cultures, had individual and family property rights in response to resource scarcity. Native bands that were agricultural had more use for individual property rights than those that were nomadic, but all bands had a mixture of individual and family rights and collective rights.

The problem is since the *Indian Act* was passed in 1876 it has granted the Crown ultimate title to Indian reserve lands. This is based on the desire to preserve the Indian land base. The Royal Proclamation of 1763 recognized settlers were encroaching on Native lands and claiming them. To preserve them as allies, the Crown endeavoured to protect those lands and hunting grounds. With the *Indian Act*, the Canadian government continued this practice by making Indian lands incapable of being sold or transferred or seized.

The practical effect of this, however, has been the locking out of Native peoples from the economy. Aboriginal entrepreneurs cite the nature of land tenure on reserves as the most significant obstacle to their participation in the economy. They cannot use land or buildings as collateral, so they are handicapped in raising

“In a landmark new work called *Beyond the Indian Act: Restoring Aboriginal Property Rights ...* the authors lay out the case for real property rights on Indian reserves through the use of voluntary legislation.”



capital. Often, they have to rely on savings or loans from friends and family.

At present, there are property rights on reserves, but they are very limited. Christopher Alcantara, in his section of *Beyond the Indian Act*, looks at those forms. Band-issued certificates of possession (CPs) provide minimal protections against seizure and can be leveraged in banks, but they are limited in that they can only be transferred to other band members. Customary rights are also a common property rights tool, but they are not recognized by courts. Many bands also use leases, which bring in revenue, but they are temporary in nature and owners have less incentive to put value into them.

As a result, the most effective means of protecting property rights on reserve is for a First Nation government to grant it to an individual in fee simple, meaning near-absolute rights over it, but subject to normal land use regulations. Anything less than full ownership puts Aboriginal businesses at a disadvantage vis-a-vis other businesses.



# Indigenous Independent

Book Review

by Joseph Quesnel

This is the realization the Nisga'a made and they are willing to take the risks for the benefits of participation in the economy and poverty reduction.

In *Beyond the Indian Act*, the authors present the case for why property rights would immediately benefit First Nations and provide them a way out of poverty. Even if the land is not of prime value, land that can be sold on the market would immediately increase in value. Despite being on the bottom of the totem pole when it comes to income, educational attainment and other indicators, Canada's Indians are "potentially wealthy landlords" as their land reserves total 6.5 million acres (2.7 million hectares).

On an individual level, homeownership is a means for individual First Nations to build equity in a home or use their property for a loan or pass it along to the next generation. It would also represent political freedom as it is a buffer between them and First Nation governments.

Importantly, property rights would be part of advancing self-government, as fiscal independence is central to political independence. Increased businesses created on reserves (due to reduced barriers in creating them) could be taxed which would help provide on-reserve services and would increase the availability of funds for infrastructure.

Native reserves could become self-sustaining communities like everywhere else.

Obviously, the authors of *Beyond the Indian Act* do not pretend that property rights will create self-sufficiency for all reserves overnight. Their solution is the adoption of a First Nation Property Ownership Act, which would not replace or repeal the *Indian Act*. It would be separate legislation bands can opt into voluntarily. It would involve the transfer-

ring of land title from the Crown to the First Nation government, which could then transfer it to individuals, if it chose to.

The plan envisions the development of a Torrens-style First Nation land registry where land title would be protected.

Allowing Native communities to enter the modern economy through real property rights would be a historic step, as was the move to allow band governments to engage in taxation back in 1988.

Let's hope our politicians have the courage to pass legislation like the First Nation Property Ownership Act so that Natives can take their place in the economy. ♦

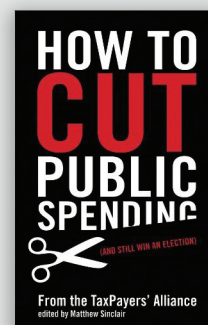
Joseph Quesnel is a policy analyst with the Frontier Centre for Public Policy. A Metis, Joseph is also a columnist with the *Winnipeg Sun* and the *Drum/First Perspective*, an Aboriginal publication.

## How to Cut Public Spending (and still win an election)

Our friends across the pond at the UK TaxPayers Alliance recently released a new book entitled "How to Cut Public Spending (and still win an election)." Edited by the Alliance's Matthew Sinclair the book details how a new government in the UK could and should cut public spending.

The book also contains chapters detailing examples of how this has been done in other countries. Our very own CTF-Alberta director and National Communications Manager, Scott Hennig, along with former CTF-Ontario director and current *National Post* columnist, Tasha Kheiriddin, co-authored the chapter on Canada, focusing specifically on Alberta and Ontario's budget cuts in the early-to-mid 90s.

The book can be purchased through the UK TaxPayers Alliance at: <http://www.taxpayersalliance.com/home/books.html>. ♦



by Lorne Gunter

*"Our government cannot and should not continue maintaining companies, services and budgeted sectors with bloated payrolls [and] losses that hurt the economy."*

No, it's not one of Ronald Reagan's State of the Union addresses or a speech by Margaret Thatcher, although those would be reasonable guesses. And, no, it's not a page from Mike Harris's Common Sense Revolution platform, circa 1995.

It's not even for the latest Fraser Institute, Canadian Taxpayers Federation or National Citizens Coalition study on the failure of stimulus spending and the growth of public debt in Canada. And it's definitely not a remark made by federal Finance Minister Jim "Bloated Budget" Flaherty.

It's from the Cuban Labour Federation, the government-run, union governing body on the communist Caribbean island, and it is part of an official announcement that over the next six months, 500,000 public-sector jobs will be cut there.

At a time when purportedly free-market Western governments are running enormous deficits and hiring tens of thousands of new public-sector workers in a vain attempt to prop up their economies, socialist Cuba has just announced massive and immediate layoffs in its public sector.

What gives?

Cuba seems intent on privatizing its economy, undoubtedly to reduce public expenditures. Because nearly every industry – from agriculture to tourism to rum and cigar making – is government run, nearly 85% of working Cubans are state employees. According to StatsCan, at the end of June this year, 20.3% of Canadian workers (3.6 million) worked for one level of government or another, or for a public hospital, school, university or Crown corporation.

The Cuban government's announcement

**“Cuba seems intent on privatizing its economy, undoubtedly to reduce public expenditures. Because nearly every industry – from agriculture to tourism to rum and cigar making – is government run, nearly 85% of working Cubans are state employees.”**

means roughly 8.5% of the Cuban workforce of six million will be displaced over the next 180 days. With just over 17 million Canadians in the workforce, the equivalent here would be nearly 1.5 million workers losing their jobs. Everybody would know people (and perhaps even several people) who were being pushed out of their jobs.

The social, economic and political implications are enormous.

There may have been some hint of the upheaval [recently] when the father of Cuba's







# GUP CIALISM?

Marxist-Leninist revolution and the country's former dictator, Fidel Castro, admitted to *The Atlantic Monthly* reporter Jeffrey Goldberg that socialism "doesn't even work for us anymore."

Since an intestinal ailment forced Castro to turn over official control of the government to his brother Raul two years ago, the younger Castro has been trying timid market and political reforms with big brother's approval. Ordinary Cubans may now own satellite televisions and laptops (although few can afford to), toasters, electric ovens and even air conditioners. Most consumer electronics were banned in the 1990s when the Soviets withdrew their annual oil subsidy, making rela-

ble electric power a scarce commodity. But their prohibition didn't hurt the government's control of dissident messages, either.

However, none of this compares to [the] announcement in terms of the implications for Cuban society. If jobs cannot be found for these half million displaced workers, social upheaval could result.

There are currently only 143,000 self-employed Cubans. By March, the government hopes to issue licences for 250,000 more. And the official expectation is that these new entrepreneurs will hire most of the remaining 250,000 former public sector workers.

"We have to erase forever the notion that Cuba is the only country in the world in which people can live without working," Raul said last month. Hear, hear. Now if only we could erase forever the notion that Cuba is an example of socialist success from the minds of North

American labour leaders, sociology professors and medicare activists.

Can this massive reform succeed? Perhaps. Another of Raul's reforms has been to permit more trade in U.S. dollars. If the entrepreneurial spirit of Cubans in the U.S. can be translated to those back home – along with millions of Yankee greenbacks – the Cubans might just pull off this experiment.

But if it does succeed, expect it to force democratization and more personal freedom, too. When people start to pay their own way, they like to have more of a say over how they're governed. ♦

Reprinted by permission, *National Post*, September 15, 2010





## Taxpayer Friendly Green Initiatives

**S**ome people think that if you question global warming you're "anti-environment." Nothing could be further from the truth. There are a lot of environmental issues right now that deserve attention, but are being put on the back burner due to the "global warming" priority.

Most Canadians would probably like to see action on these environmental issues:

**Smog** – According to the Ontario Medical Association, smog causes over 9,500 premature deaths each year in Ontario alone. Why doesn't that issue receive more attention?

**Water Pollution** – Who wants to go swimming and collide into an old boot or tire? Or say the thousands of litres of untreated sewage that the City of Winnipeg dumps

into the Red River each year. Just as bad, ask someone from B.C. about 'boil water' advisories.

**Landfills** – They seem to keep growing and growing – couldn't they be tamed?

Contrary to natural government instincts, addressing environmental issues doesn't always require new bureaucracies or big budgets either.

Take for example, former Japanese Prime Minister Junichiro Koizumi's decision to call upon his suit loving nation to wear short sleeves more often in the summer time. By getting Japanese businessmen and women out of suits and into more comfortable attire, they reduced air conditioner usage and thus decreased demand for power from coal-fired power plants. One government survey sug-



gested 43% of Japanese offices responded to their prime minister's challenge.

What about allowing Canadians to purchase electric cars and allow them for what they're designed for – neighbourhood use. A couple Canadian firms were first on the block to produce electric cars, but due to government roadblocks, they have all but given up on the Canadian market. You see, Transport Canada thinks their structures aren't safe. However, the government has no problem with allowing motorcycles – with even less structure – to drive around free will. It doesn't make sense to let an electric car that is capable of 50-60km/hr drive on the Trans-Canada Highway, but certainly they could be used for 50-60 km zones and thus cut down on smog in cities like Toronto and Vancouver.

Another interesting environmentally friendly practice that's worthy of consideration comes from Washington, D.C.

Several years ago their city converted a number of commuter lanes into carpool lanes. As a result, drivers who wanted to use the faster carpool lane, but didn't have enough occupants, began stopping by bus stops to pick up extra passengers.

The practice received the nickname "slugging" and has evolved into a completely optional, yet professional hitchhiking system. Drivers now stop at designated slug stops (usually next to a bus stop) and call out their destination. The next passenger inline can get in if he/she chooses.

The driver wins as it allows them to get to work faster and the "slug" gets a free ride to work. A grassroots



**by Colin Craig**  
Prairie Director

web site – [www.slug-lines.com](http://www.slug-lines.com) – explains the history, etiquette and social norms that guide the practice.

Finally, what about the notion of "Giveaway Weekends"? During said weekends, citizens are encouraged to place unwanted items – that still have life in them – on the curb along with a sign marked "free". Instead of sending such articles to landfills, others are free to rescue the items and make use of them. It's based on the old adage – 'one person's junk is another person's treasure'. While the City of Ottawa pioneered the initiative, the CTF is responsible for bringing it to Winnipeg. In fact, Winnipeggers loved the idea so much, the city now holds two a year.

The best part about the examples above is that they address real environmental problems yet don't require a cent of taxpayer money to implement. Now there's a green idea. ♦



Japan reduced energy consumption associated with air conditioners by simply encouraging workers to wear short sleeved shirts to work instead of suits. Surveys showed 43% of businesses responded to the challenge.

## British Columbia

After provincial politicians broke for summer recess, house leaders Mike de Jong (Liberal) and Mike Farnworth (NDP) agreed to have a new process in place “before the end of September” to make it easier for taxpayers to see how MLAs are spending tax dollars on expenses. But September has come and gone.

Recall that the issue blew up when media reports revealed Victoria area MLA Ida Chong expensed almost \$6,000 worth of food to taxpayers last year – without submitting any receipts. Both government house leaders say they are committed to changes, but they say Ms. Chong claimed what she’s allowed under the rules. In what other job can someone claim \$6,000 in meals without submitting a single receipt, especially when they live 15 minutes from work?

### Post MLA expenses online



“Since Toronto started posting receipts online, we haven’t seen any more foolish expenses like cappuccino makers, bottles of Aspirin, and bunny suits.”

Mr. Farnworth told us the committee is still in the early stages of planning a new expense reporting format. Here’s some simple advice: post MLA expense receipts online. The city of Toronto has posted municipal-level salaries, budgets and itemized expenses on the web. Since Toronto started posting receipts online, we haven’t seen any more foolish expenses like cappuccino makers, bottles of Aspirin, and bunny suits. The federal government, as well as Manitoba and Saskatch-

ewan are also making some incremental progress in this direction. ♦

## Drivers rebel from thinly-disguised cash grab

The government recently announced it handed out 515 three-day driving suspensions in the first 20 days of a crackdown on drivers with blood alcohol content over 0.05 and below 0.08.

British Columbia is the only jurisdiction in North America that sanctions drivers testing below 0.08. And the sanctions are draconian: fines and fees of \$450 on a first offence, and vehicle seizure and impoundment for three days, with all towing and storage costs charged to the driver.

There is no empirical data linking impairment below 0.08 with a statistically significant rise in traffic fatalities (In January 2003, Premier Campbell was arrested in Hawaii with a blood alcohol reading of 0.149, triple the new B.C. limit).

Following Mr. Campbell’s resignation, B.C. solicitor general Rich Coleman said changes to the new rules could be soon. Coleman told the *Vancouver Sun* that many people believe they cannot even have a single drink with dinner, creating “unintended consequences” for the restaurant industry – not to mention visiting family and friends during the holiday season. ♦





## British Columbia

# A Taxpayer Protection Law would prevent future tax furor

**E**very household expenditure – food, clothing, insurance – requires your permission; except for one: taxes. And it happens to be the single largest household expenditure – accounting for 42% of family income in 2010.

A massive petition drive, court cases, and the resignation of B.C.'s premier surrounding the HST could all have been avoided had there been a law in place requiring voter approval of new or increased taxes.

Between 1999 and 2004, Ontario had a law requiring voter approval of new or increased taxes via a province-wide referendum or, requirement that such tax changes be submitted to the Chief Electoral Officer for publication during a provincial election. If B.C. had such a law, Premier Campbell's explanation that "we did not have time in 2009 to discuss [the HST] with people" simply wouldn't cut it. Control of our largest household expense would pass from the arbitrary whims of politicians to voters. In Manitoba and Alberta, taxpayer protection laws still exist. Aspiring candidates for premier should commit now to putting such a law on the books. ♦



PHOTO: FLICKR/COREY BURGER

## BC cuts tax rates 15%

**I**n the days leading up to Halloween, Premier Campbell took to the airwaves in a \$240,000 province-wide address, offering taxpayers a treat, in the form of a 15% cut to tax rates on the first \$72,000 of personal income.

The premier tried to return to his tax-cutting roots – he slashed income tax rates 25% across the board on his first day in office in 2001. Next year, a taxpayer earning \$50,000 will pay \$1,903, down nearly 50% from the \$3,884 provincial income tax charged ten years ago.

But the way he announced it raised eyebrows – on television, not in the budget, and before he even read the report from the provincial finance committee. The policy may yet breathe life into greater acceptance of the HST, but it didn't buy the premier the credibility he was hoping to regain. ♦

## Premier's fall cushioned by golden parachute

**G**ordon Campbell won't be going hungry in retirement. Assuming the premier bought back into an enhanced MLA pension plan he voted for in 2007, the CTF estimates he should be eligible for an annual pension of \$100,800 – fully indexed – upon turning 65 in January 2013. If he lives to age 80, his total pension benefits will be roughly \$2,018,819 (assuming 2% annual inflation).

The premier is also eligible to collect a "transition allowance" of up to \$127,324 – equal to his base monthly pay for up to 15 months after leaving the legislature, unless he becomes gainfully employed or begins collecting his MLA pension. He would also be eligible to receive up to \$9,000 for career counselling, education and training.

Our calculations don't include any retirement benefits coming to the premier as a result of his time in Vancouver civic politics. ♦



## Calgary meet your new mayor! Naheed Nenshi

**D**uring the recent municipal election, your CTF surveyed candidates on where they stood on taxes, new NHL arenas, auditors and disclosure. All of the leading candidates for mayor responded including Calgary's new Mayor Naheed Nenshi. What did Mr. Nenshi have to say?

**Do you support limiting annual property tax bill increases to Calgary's inflation rate?**

**No**

"Inflation + population growth as maximum"

**Do you support phasing out the business tax in Calgary?**

**YES**

From Mr. Nenshi's Website:

"Calgary is one of the few cities in which there is a separate business tax and business property tax. Merging these into a non-residential property tax will result in significant administrative savings."

**Do you support using municipal tax dollars to fund the construction of a replacement for the Saddledome?**

**NO**

**Do you support the creation of a truly independent auditor general for the City of Calgary that would report to the public and would be able to set their own audit priorities (ie. not set or approved by city council or an audit committee)?**

**YES**

From Mr. Nenshi's Website:

"[I propose] the following changes, as the first step in a comprehensive system of improving governance in the city, moving from the current 1960's model into one more suited for this millennium."



Strengthen the independence of the auditor, by clarifying that the office reports to council, while being guided and mentored by the audit committee

Change the terms of the auditor position to enhance independence (e.g. in Toronto, the auditor general is appointed for one non-renewable seven-year term, and council may add, but not remove, audits from the AG's workplan.)

End the practice of having auditor reports vetted by city management prior to being presented to council

Change the composition of the Audit Committee to include more citizen experts, and investigate the feasibility of a majority of the committee being non-council members

Fully fund the auditor's office and insist on a high standard of work quality, including a peer review (external audit) of the auditor's office itself every three years."

**Will you pro-actively disclose publicly a list of who contributed to your campaign and in what amount prior to the October 18<sup>th</sup> vote?**

**YES**

From Mr. Nenshi's Website:

"As of October 15, 2010, Naheed Nenshi had listed 1,126 donors totalling almost \$300,000 on his public website, of which the vast majority are individuals. Nenshi has been posting regular updates since September 20." ♦



Edmonton meet your re-elected mayor!

## Stephen Mandel

**D**uring the recent municipal election, your CTF surveyed candidates on where they stood on taxes, new NHL arenas, Expo 2017 and disclosure. Edmonton's incumbent mayor Stephen Mandel responded. What did Mr. Mandel have to say?

### 1. Do you support limiting annual property tax bill increases to Edmonton's inflation rate?

"Tax levels are determined annually by a number of factors including inflation rate. The inflation rate is an important guideline and target but not always achievable. We do everything we can to limit tax increases in the city, for example our 2010 budget had an operating tax increase of only .9%. The balance of the increase consistent of 2% for policing and 2% to generate a capital pool to fund much needed neighbourhood upgrades. Tax supported revenues for the neighbourhood capital fund will max out in 2014, at which point the added tax can end. "

### 2. Do you support spending city tax dollars on bidding for and hosting Expo 2017?

"Yes, EXPO will bring well over \$2 billion in capital investment into our city from other orders of government and the private sector, help our university reach its goal of being top 20 by 2020, help our province project a positive message as to the real, responsible potential of our energy industry to the world and make Edmonton the focus of Canada's 150th birthday celebration – these are just a few of the reasons I believe our EXPO has growing community, provincial and national support."

### 3. Will you pro-actively disclose publicly a list of who contributed to your campaign and in what amount prior to the October 18<sup>th</sup> vote?

"No, we will disclose all donations fully and completely in compliance with provincial legislative requirements."



by **Scott Hennig**  
Alberta Director

### 4. Do you support using municipal tax dollars (either through a transparent grant or loan or through a Community Revitalization Levy scheme) to fund all or a portion of the construction of a new NHL arena/entertainment facility?

"Undecided. There is not sufficient information to make this decision at this time. But the CRL can and should be one funding mechanism considered. They can be effective mechanisms to revitalize neighbourhoods. I also believe that any funding package must include: the promised contribution from the owner and a ticket tax (or some other form of user pay). I do not support any current tax or infrastructure dollars being directed to an arena/entertainment district."

### 5. Do you believe a plebiscite/referendum should be held prior to city council approving a significant portion of tax dollars be used to fund the construction of a new NHL arena/entertainment facility?

"No, councils must make significant decisions with cost implications at every meeting. People elect us to make decisions and they can decide how they feel about those decisions at elections." ♦



# REFORM

The Saskatchewan government is pursuing some great health care reform measures these days. In order to reduce the amount of time patients have to wait for CT scans and knee and dental surgeries, the government is starting to work with licensed private sector health care firms.



by **Colin Craig**  
Prairie Director

As you can imagine, the Canadian Union of Public Employees (CUPE) was up in arms over the decision. They've launched a campaign against the changes and have fired up their 'fear mongering machine.' After all, testing the market to see who could provide licensed services at a lower cost suddenly means CUPE's health care monopoly is in jeopardy.

Thankfully, a labour arbitrator disagreed with CUPE's legal challenge against the reforms and will allow the agreements to continue as is until 2013. That gives the government ample time to put the services out for tender, establish new contracts and reduce costs even further.

Your CTF has written two articles in support of the government's reforms and distributed them to media outlets and provincial and federal politicians province-wide. If you'd like to take a look at them, both are posted on [taxpayer.com](http://taxpayer.com).

Further, to give Health Minister Don McMorris a pat on the back for steering the often difficult 'health care reform ship,' his office number is 306-787-7345. ♦

## Comedic Cab Report

The City of Regina recently paid a Tennessee consultant \$47,000 to take a look at the city's cab industry and make some recommendations on how the government could "help." Although his own report gave the industry an "ok" or "good" in each category it reviewed, that didn't stop the consultant from calling for widespread change.

Consider some of the 'big government' recommendations from the report:

- A "dress code" for drivers that is approved

by the city;

- Two new bureaucrats to test drivers' English skills and street knowledge;
- 437% fee hike for cabs (from \$180 per year to \$968); and
- New regulations on the age of cabs.

Your CTF has written to each member of Regina's council and urged them to do the right thing and send the cab report to the curb.

More information on this matter can be found on [Taxpayer.com](http://Taxpayer.com). ♦



# FROM PIG TO PUMA

**T**his past summer, Prairie director Colin Craig spoke to the Saskatchewan government's student interns at the provincial Legislature.

Colin provided them with an overview of the Canadian Taxpayers Federation and shared some ideas as to how any level of government could transform itself from being slow and lethargic to lean and efficient. He dubbed it the "Pig to Puma" template and it included the following recommendations:

## 1) Stick to core services:

Far too often governments spend money on things that simply aren't their responsibility – grants for businesses, subsidies for special interest groups, activities that compete with the private sector, strange government programs and sometimes on programs that are the responsibility of another level of government. This is the first area where cuts should be made.

## 2) Competition for delivery of services:

There are plenty of services that governments should organize the delivery of, but that doesn't mean they have to provide them in-house. For example, instead of having government employees maintain a public park, paying a private firm to do the work could potentially reduce costs. Most governments have many services that could be contracted out to non-profits and the private sector.

## 3) Competition within:

There are some government services that

aren't easily contracted out to the private sector – the courts, firefighting and admin work to name a few examples. However, that doesn't mean the government can't change the incentive model – to pay people based on results and ensure they have incentives to reduce costs for taxpayers.

## 4) Referendums:

How many projects in Canada have proceeded because a politician was either on an ego trip or looking for a legacy? While it's a fairly common occurrence, it doesn't have to be. Conducting more referendums would help citizens prevent such spending and allow them to have more input into how their tax dollars are used.

## 5) Transparency:

*The Taxpayer* magazine regularly includes government waste stories that involve individuals who thought they could get away with hiding something. Whether it's politicians expensing video games or bureaucrats billing taxpayers for tarot card readings, greater transparency in government spending would help end many of these stories.❖



## CTF Victory

Last issue we told you how the CTF had investigated MLA expense accounts and had recommended changes to the government.

Well this issue we're pleased to report that the government has implemented one

of our biggest recommendations - you can now view each MLA's expense details online - <http://www.legassembly.sk.ca/members/disclosure.htm>

The CTF will be following up to ensure details of caucus expenditures are placed online

(not simply totals by category) and that each expenditure is subject to the freedom of information process.

In the mean time, give your MLA a pat on the back for how the government responded to this issue.❖



# MANITOBA

## *Victory file* **MLA Expenses**

Last issue of *The Taxpayer*, we discussed how the CTF met with Commissioner Michael Werrier, the independent appointee chosen by the Legislature to review the rules for MLA expenses.

Well this issue, we're pleased to report the commissioner agreed with most of the CTF's recommendations and they have since been brought into effect.

MLAs will now have their expense claim forms placed online for all to see. Yes, you'll be able to sit in your living room and check out what your MLA is expensing with the click of a mouse. Provincial politicians will no longer be reimbursed for expenses without receipts and donations to charities and non-profit organizations have been severely restricted to prevent partisan usage.

**“If they aren't on the straight and narrow with their own expenses, imagine how they'll manage the province's overall budget!”**

Given that MLA expenses account for only a few million of the province's \$10 billion budget, some would say we're quibbling about an insignificant matter. However, you have to remember that our elected officials are at the top of the government food chain; therefore, it's up to us to hold them accountable for their expenses.

Further, if they aren't on the straight and narrow with their own expenses, im-



by **Colin Craig**  
Prairie Director

agine how they'll manage the province's overall budget!

There was however one CTF recommendation that was not accepted. You may recall from last issue that we discovered MLA expense account budgets are adjusted for inflation.

Normally such a move would be reasonable, but as Manitoba is one of the few provinces in Canada that hasn't indexed its income tax system to inflation; it's more than insulting that MLA expenses are indexed to inflation.

The problem is known as “bracket creep” and your CTF has been fighting it for years. It occurs when a taxpayer's income rises over time, but as our tax brackets aren't adjusted for inflation, said taxpayer artificially ‘graduates’ into a higher tax bracket.

It's a way for the government to secretly increase taxes on taxpayers across the province each year without being seen to raise the tax rates.

For more information on the matter, visit [taxpayer.com](http://taxpayer.com).

If you want to help us take action, call each party leader and tell them that MLA expense accounts should not be protected from inflation until bracket creep comes to an end. But don't forget to give them a pat on the back for the positive changes to the rules for MLA expense accounts!

• NDP Leader Greg Selinger 945-3714

• PC Leader Hugh McFadyen 945-3709

• Liberal Leader Jon Gerrard 945-5194❖





## Student Intern

This summer the CTF received some assistance from Hilary Henley, a law student from the University of Ottawa. Hilary's fellowship was paid for by generous donors to her university's public policy fellowship program.

While working for the CTF, Hilary assisted Prairie director Colin Craig with several projects, including: researching the cost of government programs set-up in Saskatchewan and Manitoba to address crime-related programs, a province-wide research project into reeve and council salaries (MB), tracking down education expenditure information (SK), research into tax credit and grant programs in both provinces and filing information requests and all kinds of other little projects.

The CTF sincerely thanks Hilary for her hard work and for choosing to work for the CTF this past summer. We also thank the generous donors to the University of Ottawa's fellowship program. ♦



During the fall 2010 election, the CTF decided to try something different. We came up with a pledge that voters across the province could download from our web site, print off and put in front of candidates running in the municipal election this fall.

The pledge was called a "Voter's Contract" and included a list of up to five initiatives that candidates could agree to pursue before simply hiking property taxes. The initiatives included things like making sure employees' salaries aren't way above similar positions in the private sector, partnering with the private sector for service delivery and holding referendums for large capital projects.

The CTF produced two versions of the "Voter's Contract" – one for voters outside of Winnipeg and one for people living inside of Winnipeg. In late September we e-mailed CTF supporters province-wide to inform them of the new tool.

If you didn't receive an e-mail about the tool, but would like to receive e-mails on future CTF issues and initiatives, e-mail [updates@taxpayer.com](mailto:updates@taxpayer.com) along with your postal code to be added to our distribution list. ♦

## How much does my reeve make?

Ever want to know how much your reeve or councillor makes? This summer the CTF tracked down the salary and per diem pay data for 191 of the province's 196 municipalities, towns, villages and RMs.

To view the data, visit

<http://www.taxpayer.com/node/13167>.

In the meantime, we're going to try and track down the data for the remaining five communities.

Happy viewing!



## EDUCATING MCGUINTY



by **Kevin Gaudet**  
Ontario Director

Ontarians are less than a year away from the next provincial election and Premier McGuinty has already made clear that he wants to frame the ballot question around education. Understandably, he does not want the October 6, 2011 contest to be about the financial pickle he has gotten us into.

Here is a quick refresher course on what the premier – who promised no tax increases during both the 2003 and 2007 election campaigns – has done over the last almost eight years.

Mr. McGuinty's government has increased licensing fees for your car and boat, for fishing and hunting. He introduced the new health tax in 2004. He put in two sets of new so-called 'Eco' taxes. He put a new tax on all electronics and tires. He imposed new fees on energy. And, of course, last summer, he imposed the HST.

Taxpayers will want to see clear detailed plans to balance the budget – and soon. The deficit for 2009-2010 rang in at \$19.3 billion, the largest deficit in the history of Ontario. Deficits are projected through to fiscal year 2017-18. That is two elections away. In nine years of deficits, Premier McGuinty will have added \$114.6 billion more to Ontario's debt. That amounts to \$9,168 for each man, woman and child in Ontario. The government is borrowing at a rate of \$53.7 million per day.

Thanks to the spend-



ing of Premier McGuinty, a generation of school children will have grown up never having known a balanced budget. This is the kind of "education" your CTF will be discussing in the lead-up to and during the next provincial election.❖

### THE CASE OF THE MISSING PUBLIC SPENDING

Years of being rocked by spending scandals at a variety of public agencies from E-Health, the LCBO and Ontario Lottery may *finally* be bringing the McGuinty government to implement some sorely needed transparency.

The headlines are familiar: consultants expensing \$1.65 for tea and muffins, agency executives flying first class all over the world, swanky lunches and generous gifts. All at taxpayer expense. All kept hidden for years.

In September 2009, Premier McGuinty promised to change all that. As of April 1, 2010, he declared, expenses incurred by ministers and the 44,000 employees of 23 provincial agencies and boards would be posted online

Sadly though, April 1<sup>st</sup> came and went and well – pardon the pun – we were fooled.

McGuinty's defense was that he meant the *process* would start April 1<sup>st</sup>. Check back in July. So we did. And well ... you get the picture.

By October, several ministers had posted expenses but the head of LCBO had posted nothing. Either he had none for six months – hard to believe – or something is up.

The reason for the lack of progress is all expenses now must go through the office of the Integrity Commissioner. Controver-



sial, illegal, mistaken and suspect charged expenses filed by senior Ontario Crown agency officials will not immediately be made public. Instead, they will be 'cleaned up' prior to posting.

This vetting process delays disclosure. More important, it hides from taxpayers the truth of

what is going on with our dollars.

Expenses should be posted online no less than 30 days after they were incurred. They should be posted exactly as they were incurred, not 'cleaned up'. Taxpayers want to see the 'dirty' truth.❖

## ONTARIO'S ENERGY CHILL

The weather has changed and furnaces are once again switching on to keep us warm during the winter months.

Yet that warmth will pale in comparison to the heat felt under the collar when ratepayers open their energy bills. "Green" edicts coupled with higher taxes are set to drive bills to new heights.

"Let me be very clear on this: electricity bills are going up," said Premier McGuinty. "There's no getting around that." He's hoping ratepayers prefer alternative so-called "green energy," to low-cost nuclear and coal, regardless of the cost.

Officials at the provincial Crown agency, Ontario Energy Board, decided earlier this year that utilities should be able to boost their rate of return to 9.85% from 8.39%.

This hike was estimated to drain another \$250 million a year from ratepayers. This is on top of the HST im-

“In 2009, the government doubled what it would pay for solar-provided energy, now paying solar almost 13 times the cost of nuclear and seven times the cost of coal.”

pact. It is also on top of the already high feed-in tariff rates – guaranteed prices – recently set for hydro, solar, wind and biogas.

In the spring of 2009, the government doubled what it would pay for solar-provided energy, now paying solar almost 13 times the cost of nuclear and seven times the cost of coal.

A fabled bumper sticker on many Alberta vehicles during the National Energy Policy read: "let the eastern bastards freeze

in the dark."

That increasingly seems to be the only way for Ontarians to deal with Premier McGuinty's energy policy.❖

## Ontario scraps eco fees on toxic household items

### PUBLIC BACKLASH

needles, mercury-containing devices and pharmaceuticals.

Mr. Wilkinson blamed Stewardship Ontario for administering a

### ECO TAX VICTORY

Good news! Your CTF helped force the McGuinty government to scrap its latest round of "eco-taxes." Last July 1<sup>st</sup> new taxes were ushered in on hundreds of so-called "toxic" household items that included dangerous items like dishwashing liquid.

This latest tax was snuck in on the same day as the HST. Your CTF called for the tax to be scrapped and it has been. Still, the government plans some kind of new program to be funded out of general revenue. We will keep an eye on that too!❖

## Promises, Promises

**How is the new NB government going to keep them.**



**S**hortly after the Tories won 42 of the province's 55 seats in September, Standard & Poor's (one of the world's leading financial market intelligence firms) downgraded the economic outlook for New Brunswick from stable to poor. The reason? They don't believe the new government's balanced budget plan is realistic.

The Tories are promising to balance the budget in four years. Under the circumstances, that won't be easy.

The first challenge they'll face is the \$750 million dollar deficit that is accumulating at an estimated rate of \$2 million per day.

The next challenge is to deal with the significant promises that the Tories made to garner support during the election campaign – they promised just about everything to everyone.

In their election platform, the Tories made approximately 232 promises. In other words, the party was making about six-and-a-half promises a day during the election not to mention any promises made before the election, deals made by local candidates and any commitments agreed upon behind closed doors.

The Tories claim these promises will cost \$141 million over four years. But since they failed to cost the entire platform, it's safe to say the final tally will be much greater.

There is already a lineup of supporters calling on the government to keep their promises. The Port of Saint John has come looking for their promised \$18 million in upgrades to their cruise ship dock. A group in Moncton wants their old high school replaced.

And Public Service Unions say that the deficit should not be fought on their backs.

Between the big promises and big deficit, it seems if the Tories are going to bring the province into a balanced budget position in four years, then something is going to have to give. ♦



**by Kevin Lacey**  
Atlantic Director

## Nova Scotia Government St

**N**ova Scotia Finance Minister Graham Steele recently introduced his fiscal update – it seems that the government has slowly started to turn around the massive government overspending of the last decade.

While the province is still over \$13 billion in debt and running a near \$220 million deficit, for the first time since the 1990s, the government is put-



# Time to Privatize NB Liquor

New Brunswick Premier David Alward told the CBC that his government was going to handle appointments differently. He said that his government would not repeat the same mistakes that were made in the past.

Just a few days after making this commitment, he appointed his provincial campaign manager as the President and CEO of the New Brunswick Liquor Corporation.

NB Liquor has been used for decades now as a dumping ground for loyal supporters of all political stripes. The job pays somewhere between \$150,000 and \$175,000 a year.

The previous Liberal government had appointed Danna Clendenning, a former NB Liberal Party President, to the job when they came to power in 2006. Before that, Bernard Lord, a Progressive Conservative, appointed his Chief of Staff Barbra Winsor to the position.

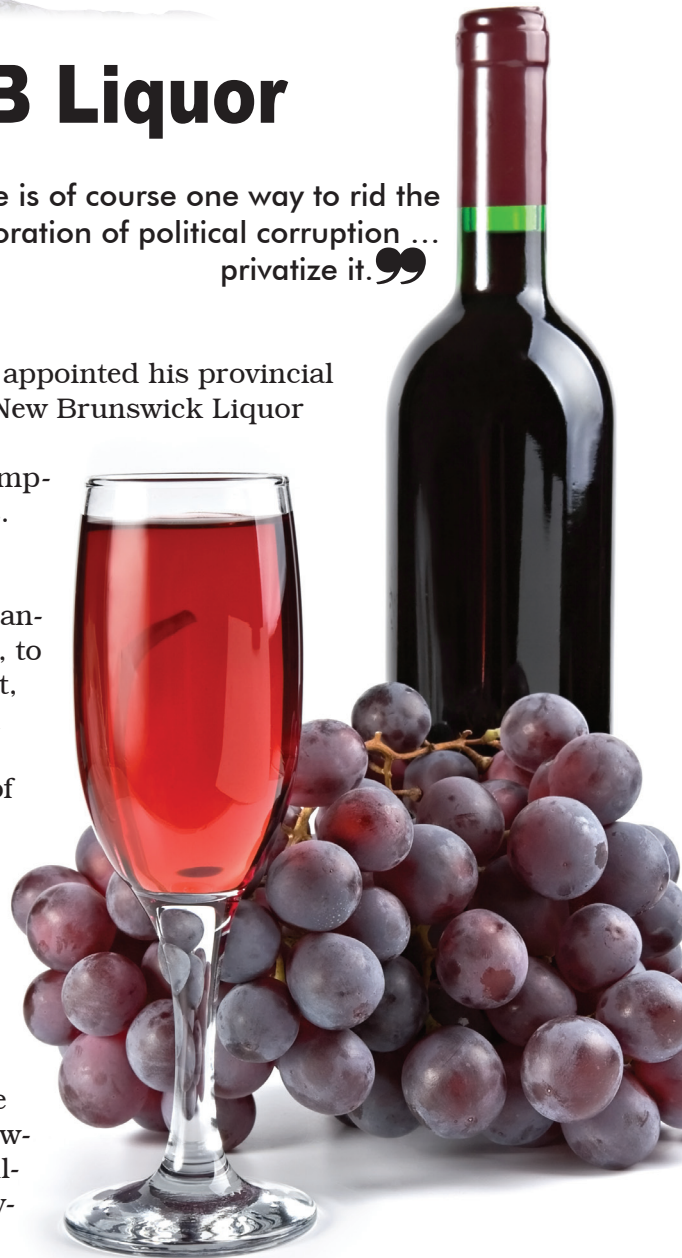
There is of course one way to rid the corporation of political corruption ... privatize it.

If made private, the power will be taken out of the hands of the politicians and as a bonus, the corporation may just provide better service and in the end, an even better return for the government.

Other provinces, like Alberta, that made their liquor sales private have more stores, more options and higher revenues than before.

Sometimes the best way to save taxpayers from the folly of politicians and their buddies is to take the power away from them and give it to private industry. Selling NB Liquor is one way that David Alward can deliver on his promise to change for the better. ♦

“There is of course one way to rid the corporation of political corruption ... privatize it.”



## Starts to Get Spending Under Control

ting its brakes on spending and getting its house back in order.

But let's not get too far ahead of ourselves and heap too much praise on the government, they did after all only cut total spending by 0.5%. That can't have been too difficult to manage considering that the previous Progressive Conservative government was in a spending frenzy – between 2003 and 2008, spend-

ing was increasing at an average rate of 7.4% a year.

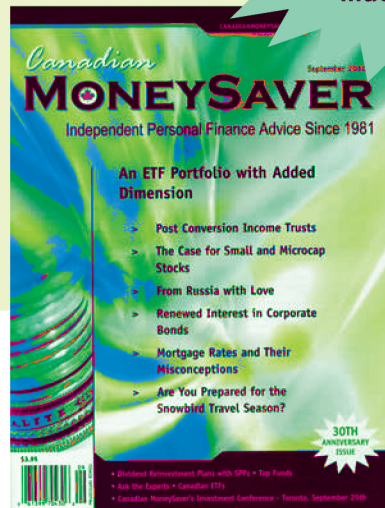
While the spending controls announced are modest, at the very least it's a step in the right direction. The real test is, as always, time. Let's hope that this trend continues and doesn't flame out the minute the government finds itself in a predicament and in need of winning over a few voters. ♦

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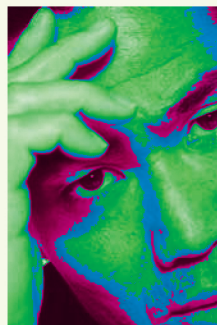
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